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## NEWS SUMMARY

### GENERAL

## Sadat revokes Soviet treaty

President Sadat last night renounced the 15 year treaty of friendship which Egypt signed with the Soviet Union in 1971.

Frustrated by Moscow's refusal to supply Egypt with arms or to reschedule the country's debts, President Sadat told the People's Assembly: "They want me to pressure me when our planes will be nothing but scrap after a year and a half with no spare parts."

If this was the Soviet conception of a friendship treaty, then the document was nothing more than a scrap of paper.

President Sadat is due to begin a tour of West Germany, Italy and France in two weeks' time.

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### BUSINESS

## Tighten closed shops—Murray

MR LEN MURRAY, TUC general secretary, has advised unions to tighten existing closed shop agreements to prevent individuals making successful claims of unfair dismissal against employers following the case of the "Ferrybridge Six".

RETAIL PRICE figures due this week, combined with those for earnings, will demonstrate how successful the Government's counter-inflation policy has been.

The Bank of England Bulletin last week suggested that the

will be nothing but scrap after a year and a half with no spare parts."

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## Irish find bomb factory

Four tons of bomb-making chemicals and other equipment were found by Irish police during the weekend on an isolated farm near Farbane in Co. Offaly.

Warnings of fresh attacks in Britain were issued by the IRA over the weekend. Back Page

## Dow Chemical raises prices of raw plastics

DOW CHEMICAL is increasing styrene monomer price by 10 per cent and butadiene by 6 per cent in all West European countries from April 1. Back Page

FORKLIFT truck manufacturers began a restocking programme to build levels 20 per cent above present requirements by summer in anticipation of a revival in trade next year. It is seriously worried about the ability of their suppliers to meet demand after the recession. Page 4

• FRED OLSEN and Seaspeed Ferries have formed a joint organisation to expand roll-on/roll-off services to the Middle East. Page 4

• REDUCTION in scheduled aircraft seats across the North Atlantic from April 1 is being sought by Department of Trade officials in U.S. talks. Page 4

• LONDON Chamber of Commerce says it is receiving a growing number of calls from foreign embassies concerned about "the growing tide of protectionism" in Britain. Back Page

## Query on Smith's hired Britons

Mr. James Callaghan, Foreign Secretary, is to be asked in the Commons to act immediately to prevent the reported movement into Rhodesia of British mercenaries. Page 4. According to figures issued in Salisbury Rhodesia's military and economic problems are contributing to a soaring divorce rate.

## Teeves plans U.S. factory

• ALFRED TEEVES, the West German brake manufacturer, plans to establish one of the first European car component factories in the U.S. at Culpeper, Virginia, in a year. Contracts to supply one of the big U.S. manufacturers should be signed within a month.

• EXECUTIVE of the Institution of Professional Civil Servants will recommend affiliation to the TUC at the union's May conference, despite rejection of the move in a referendum last year. Page 8

• ASTMS executive has joined the campaign by several major unions for a special TUC conference before support is given to a second round of voluntary pay restraint. Page 8

## Companies

• NATIONAL WESTMINSTER chairman says banks are ready and able to provide further economic recovery. Further public ownership in industry or finance are "entirely irrelevant to our present needs." Page 4, Page 22 and Lex

• COPE ALLMAN first-half profit profit fell to £1.83m (\$2.75m). Directors expect to profit for the second half to be considerably more than those for the same period in 1975. Page 22

• IRAN is to backdate its Islamic solar calendar by 1,800 years to the time when Cyrus the Great established the first Persian empire in 533 BC. Page 22

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Need for firm action to restore stability to snake

## EEC Ministers try to steady currencies

BY DAVID CURRY, BRUSSELS, March 14

IN AN atmosphere of grave concern over the unrest in foreign exchange markets, the Finance Ministers of the countries whose currencies belong to the EEC "snake" met here this evening to discuss what action could be taken to stabilise the situation.

The Finance Ministers of all the Common Market countries—including Britain, Ireland and Italy—met here to-morrow.

The major issue they face is how to deal with the problems of the French franc and its membership of the EEC "snake".

The franc came under heavy pressure in last week's currency turmoil. Support is now offered to stop the fall of the franc, which is estimated to have cost French reserves some \$150m in the final two days alone.

It has been widely suggested that Ministers will have no choice but to take decisive action to stop the rot at to-morrow's meeting.

Unconfirmed reports from Italian sources last night stated that the Ministers of the snake agreed that the franc should be devalued by 3 per cent.

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Editorial comment, Page 12

and the German D-mark revalued by the same amount.

According to the same reports,

the French Government has demanded a fundamental reassessment of the snake.

Official sources in London con-

firmed that the meeting had

been convened so far to the British Government.

While it is acknowledged that

the movement got out of hand

at times, the U.K. authorities

were content to reaffirm their confidence in the existing structure of the snake.

A confidence which was repeated at the Giscard d'E斯塔ing-Helmut Schmidt Franco-German summit meeting.

Mr Denis Healey, the Chancellor

of the Exchequer, is expected to

face strong criticism of to-

morrow's formal meeting of the

Ministers of the UK's handling

of the past week's events.

The pound had been devalued by

5 per cent and the

associated unrest on the market

had already declined six months earlier to limit

the difference in rate between the

guilder and the Belgian franc

from 15 to 10 per cent of their

mutual parity.

The expected devaluation of the

French franc would be likely to

lead to a downward adjustment

of the Belgian currency

which has already been subject to

sharp pressure on the exchange

markets although in February

the Government said that it was determined to defend

that party's position.

The tension in the snake

derives, in the Brussels view,

from the differing success of

EEC countries in controlling

market trends.

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The tension in the snake



## Playhouse

**Savages**

by B. A. YOUNG

Christopher Hampton's important play so far, it three times, and there have been slight alterations since the last time I saw the play to which the changes Oxford can be ascribed is which the director, Kent, can't say. He keeps its two simultaneous properly articulated, but to ensure their coherence on the stage, and to present the scene, is a tremendous task unless such stage machinery is available as the Olivier's that belongs in either story. Only Mr. Kent has at any rate done his best, and the two stories are unrolled with reasonably awesome effect. What I missed most was a feeling that the Indian life was constantly continuing even when the stage showed something else. I would quarrel, too—though perhaps these are some of Mr. Hampton's additions—with the presence of the anthropologist Crawshaw at the scene of the Kwarup's initiation; and with the sound of an aeroplane so early in the proceedings, which blunts the horrid surprise of the actual bombings as the Kwarup ceremony is at its height.

Patrick Allen is a suitably proconsular West, able to assume an official dignity at the drop of an affront, but for the most part friendly and accessible. I am not sure that I really believed in him as a poet, partly because when he comes down stage to recite the native myths of Indian Protection (tales of great beauty, which are converted into the author has borrowed from

Lévi-Strauss and elsewhere) he courtesy. Francisco Morales as gives them a dramatic rendering Pereira, the loathsome small-time that invalidates, as it were, their thug, seemed to me to be too amateurish.

Carlos the guerrilla is played his own story, whereas his chief into the part is no doubt employers for denying him the explained by his Chilean \$15 he had been promised for nationality. I do not think his massacre.

though, that a guerilla hide-out. The design complications have would supply its prisoners been tolerably well solved by white sheets and pillow-cases.

In the small part of the inter-scene black-outs go on

anthropologist Michael Byrne too long; and the Indian effectively conveys his burning sequences by Peter Wilson are indignation behind conventional picturesqueness if not overwhelming.



Patrick Allen and Marcello Romo

## Victoria Theatre

**Gary Glitter**

ANTONY THORNCROFT

popular music is a little d'art less' daff—Gary is hung up his sequined hairy chest again phonex exists at the villa last night the most sure in show business and deserted a theatre with tear-stained girls of tinsel.

pudgy ageing Paul and the gall to have a to of pop stardom in Gary Glitter's career is one of the mysteries of our time. goes with it is even But there was genuine in the frantic pleading the girls decked out to sing hats and sparkle in us, plenty of expressions of love and gratitude, and the whole affair is finally over.

Gary Glitter hangs away at his image like a true professional and his songs have rousing choruses and a nice simplicity. He has survived a host of knocks from critics who just can't swallow the sheer enormity of the illusion. But few singers take such care with their performance and pamper the paying guests so lovingly. With good seats going for only £1.75 last night, Gary Glitter went out giving value for money. He will be missed.

## Burlington House to open private rooms

Old Burlington House, the home of the Royal Academy of Arts, will re-open its private rooms to the public from Wednesday, March 17, putting the Michelangelo Tondo on view once more.

The rooms date back from the 17th century and contain treasures from that period, as well as the Michelangelo. This circular relief in Carrara marble, depicting the Madonna and child with the infant St. John, was acquired by the Academy in 1830.

The private rooms will be open from 10 a.m. to 6 p.m. daily except Tuesday, with admission 50p.

## e/Angela Flowers Gallery

**Nicholas Pope & Patrick Hughes**

by WILLIAM PACKER

ever inclined to take "Condition of Sculpture" exhibition, held at the Hayward last summer, and enterprise summer. He held a wooden cube resting and enterprise summer. They open, each one another by means of a roof, blushing a particular joined them at one corner, all and making itself an integral part of the single block. This intriguing, and memorable piece now reappears at Garage alongside other of fellow columns, all integral carvings, spiral and zig-zag. They are made simply, and unself-consciously, idiosyncratically, and celebrate even slightly cranky things. What a thing to do, after all, to chip away obsessively to achieve such simple and obvious shapes.

And yet their virtue soon becomes evident, given a little sympathetic consideration. How extraordinary these simple things prove to be how beautiful their material, and with what deceptive care, it has been worked, and how very curious are the ideas that inform them, that stir up speculation about the nature and duties of craftsmanship. Now it is about time. It is about finally vulnerable supposed to be he and it will be missed. It lost, however, for its director, its phoenix will rise almost immediately, but it must be ad its character must somewhat, with the new being placed on books, and experimental pub-

show in the old home admirably the way to bow out, reputation and prime. It is a young sculptor to notable, it makes his material deftly and witty,

making objects that are as enjoyable as they are interesting. But they are not the less serious for that, despite the way they do, aptly and economically, with the basic sculptural preoccupations: form space, structure. From carved columns he has moved on to towers and piles of things, building and then propping them up just short of the point of collapse, achieving thereby an equally yet perversely adequate stability.

The disaster seems imminent, but never comes. Chalk blocks and lead plates lean critically, held by a weight so nicely judged that we can hardly bear not to make a practical test of it ourselves, as we might attempt to dismantle a house of cards. A tower of wooden bricks arches even more spectacularly, a complete arch maintains itself by an enclosing rope; a spinal column of heavy chalk blocks is held in mid-air, each vertebra propped on a single stave, and leaning upon its neighbour in mutual support. The engineering in each case a particular kind of Painting; and like Pope, he does so witily and aptly. He is a surrealist, with a penchant for and economically, with the basic sculptural preoccupations: form space, structure. From carved columns he has moved on to towers and piles of things, building and then propping them up just short of the point of collapse, achieving thereby an equally yet perversely adequate stability.

This is Hughes' most ambitious show, and his best so far. The large scale suits him anyway, but the sheer physical presence of some of the works is new, and exciting. The reliefs in particular work very well, a simple enough conceit behind them, but why not? Two toy boats, one inverted to act the part of the other's reflection in the sea constitute a device he uses several times. "As Idle as a Painted Slip upon a Painted Ocean" its face sail in the eye of a most virulent sunset, dominates the gallery and will continue to do

so until April 3.

At the Angela Flowers Gallery, meanwhile, Patrick Hughes too

less oppressive or more engag-

ing. He manipulates and disposes

of his chosen medium, in

## Festival Hall

**Mahler's Second Symphony**

by MAX LOPPERT

Last night's Resurrection

Symphony closed the London

Philharmonic Orchestra's six-

concert Solti season with a per-

formance of quintessential Sol-

ti: miracles of orchestral tre-

mendous physical and pictorial im-

pressions. The execution was per-

fect, though the horror of the

intermezzo

was much affected by the horror of

the execution of the

symphony.

The Finishing School

School

by ELIZABETH FORBES

Francesco Ezechiele Ermene-

gido Cavaliere Suppi-Demelli—

more usually known as Franz

von Suppi—composed over 150

musical stage works. Apart

from Bocaccio, none of them

is familiar in this country, so it

was a pleasure to meet his one-

act operetta

The Finishing School

is preceded by Donizetti's

one-act melodrama, The Night

Bell, a rather more difficult work

for students to encompass stylis-

tically, and a great deal more

sophisticated musically.

Mr. Taucky's sympathetic accompa-

niment, however, ensures a neat

performance.

The unfolding of the Finale

was in keeping with its intro-

duction—with strongly energetic

playing, firm choral singing

from the LP Choir, Heather

Harper crowning the verses with

all her wonted assurance and

this sense of vista opening up

This was a crucial disappoint-

ment; but the middle movements

were memorable, exquisitely

light in touch, with a buoyant

humour in the Ländler and a

biting sarcasm in the Scherzo

that communicated the essence

of the songs behind the sym-

phonie movements. Helen Watts

was the alto soloist, though she

could not provide the "voice

and naive expression of a

child" that Mahler wanted for

Such scenes were not repeated

last night—not only because the

music is no longer new and shock-

ing, but because there was no fullness of tone.

The want of visionary imagina-

tion in the performance soon be-

came clear in the opening out-

bursts, lashed with much of the

old Solti rigidity and vehemence;

it was most neatly crystallised in

the prelude to the final choral

Ode, with its offstage trumpet

band, counterpointing flute

flutters in the orchestra (accord-

ing to Mahler's own programme,

the Bird of Death appears over

the tombs). At this point in the

first Berlin performance, "grown

men wept and complete strangers

kissed each other."

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## HOME NEWS

## Price and wage figures pose new gauge for official policies

BY MICHAEL BLANDEN

THE PUBLICATION this week of new figures for retail prices for further restraint after the increase in earnings will continue to slacken, while wage rates will further test the success of the Government's counter-inflation policy.

So far, the £6 per cent limit has been generally observed in wage negotiations. It has begun to make a marked impact on the level of earnings, which responds to such restraints more quickly than the less sensitive wage rate indicator.

This success has led to growing confidence in the Government that it is on target in its aim of cutting inflation to around 10 per cent.

But some signs of concern about recent increases in earnings were apparent in last week's Bank of England Bulletin. It was suggested that the figures may not be as low as the £6 limit should have produced.

## Bank chief attacks State control

BY MICHAEL BLANDEN

PLANS FOR further public substantial medium-term ownership in industry or finance, including the nationalisation of the clearing banks, are "entirely irrelevant to our present situation," says Sir John Prudeaux, chairman of National Westminster Bank.

In his annual report to-day, he argues that the banks and other financial institutions are poised to provide the finance needed to support economic recovery. But to continue the gradual improvement which is beginning to emerge, he suggests, the Government must avoid "ill-considered legislation" and ensure that it has the support of a united nation.

In relation to the banks, Sir John says, advocates of nationalisation "have produced no arguments to show how it increases ability to provide industry with medium-term finance or how it can meet the criteria of increased confidence, better employer/employee relationships and improved efficiency and standards of service."

Though demand for loans has been depressed in the past year, the chairman says, the bank has continued to give priority to financing creditworthy customers both for working capital needs and for capital expenditure. The group "has entered into

## New group for self employed

A NEW national association has been established for the self-employed, including small businesses and retail traders, and aims to recruit 25,000 members by the end of 1976.

The Independent Small Businessmen and Retail Traders' Association will carry out two specific functions: the provision of cost-saving services and facilities, and the projection of a corporate voice for its members.

Accounting, business aid and insurance services will be provided.

The principal objective of the association this year will be the introduction of a "proper earnings-related scheme allowing the self-employed community to enjoy the full benefits of pensions, social security and unemployment provisions through a revised national insurance contribution plan."

A further objective will be to ensure that the 8 per cent surcharge levied on self-employed people is repealed.

A management committee has been formed and Mr. Frank Bywater is to be the first general secretary. The association's headquarters is at 36, Westow Hill, London, SE19.

MR. EDMUND DELL, the Paymaster-General, in an outspoken speech on Saturday, met head-on the claims of the Scottish National Party that an independent Scotland would have a sufficient industrial base to survive as a separate economic unit with or without North Sea oil.

He told a rally of West Lothian Labour Party: "Even on the unlikely assumption that all the oil went to Scotland there is one advantage from North Sea oil of which England cannot be deprived—that is relief from the cost of covering Scotland's enormous and perennial balance of trade deficit."

Mr. Dell cited research completed at Dundee University which, he said, demonstrated that over the period 1961-71 Scotland suffered a trade deficit in her goods and services of about 10 per cent. of her gross domestic product, a figure three times that of the highest recorded for the U.K. as a whole in the same period. Scotland's present deficit might be even larger.

A strong Scottish pound, one of the benefits of independence

is frequently proclaimed by SNP spokesmen, would leave Scottish industry even less competitive than at present, causing massive unemployment in the industrial areas and an even larger trade deficit to be financed by oil revenue.

"The benefits of the oil would be disappearing with even greater speed than they seem recently to have disappeared from the grasp of some of the new oil-rich OPEC countries," he said.

Mr. Douglas Crawford, SNP spokesman on finance and industry and MP for Perth and East Perthshire, poured scorn yesterday on what he took to be Mr. Dell's suggestion that a strong currency was to be avoided and a weak one profoundly to be desired.

"This is an astonishing statement to make at a time when informed banking sources expect the pound sterling to be down to \$1.60 by the autumn. Any temporary gain on the exports swing will be lost on the import merry-go-round," he said.

Call on Callaghan to stop mercenaries for Smith

MR. JAMES CALLAGHAN, the Foreign Secretary, is to be asked to act immediately to halt the reported movement into Rhodesia of British mercenaries.

Mr. Gwilym Roberts, Labour MP for Cannock, said yesterday: "I shall be urging him to probe allegations that an undercover operation to recruit British mercenaries for Rhodesia has begun

## Fred Olsen, Seaspeed in Arabia link plans

BY JOHN WYLES, SHIPPING CORRESPONDENT

A JOINT organisation aimed at months. This continues under expanding roll-on/roll-off services the new organisation, which to Saudi Arabia and elsewhere in starts on April 1 as Fred Olsen, the Middle East has been formed Seaspeed Ferries.

By Fred Olsen and Seaspeed Ferries.

The monthly sailings from Felixstowe, Rotterdam and Antwerp will increase to fortnightly, while a service every 20 days to Damman, Saudi Arabia, on conventional cargo-shipping, will be started in April.

Whereas ships wait up to 120 days before unloading at Jeddah, wheeled vehicles the new service, Fred Olsen claims that ro-ro offers to handle containers, vessels can be turned round loose conventional cargoes and in less than two days.

Seaspeed has been running a service to Jeddah with a vessel chartered from Olsen for three Arghiris Line and Wacro Lines.

## Further seat cuts sought on scheduled Atlantic flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. is to seek a further and there is likely to be some British Airways, Pan American and the rest of the airlines involved in the negotiations between the two sides, with considerable pressure. The U.K. view is that the three major U.S. scheduled airlines across the sum of both to reach an agreement because time is running out.

One British carrier on the route begins.

The U.K. pressure for a cut in U.S. seats is weighted in the U.S. Trade is due to meet their U.S. seats between this country and favour.

Opposite numbers in Washington, Los Angeles, New York and Boston, stems from the fact that last year there was still a substantial excess capacity resulting in wasted money and fuel.

In addition to the pressures for cuts in the number of scheduled seats offered for sale, the U.K. will be seeking an increase in the number of charter passengers it will be allowed to fly from the U.S. to Britain.

The International Air Transport Association's figures show that for the whole Atlantic route between all North American and European cities, there was nearly 15,000 seats available on 20 scheduled airlines, of which just under 8,000 were sold.

These figures showed a reduction in the previous year of 10 per cent. of seats known to be available. It was also known that nearly 6 per cent. of seats were sold. The progress of the negotiations is unknown. Whatever arrangement is reached, it is likely to form the basis for other bilateral talks.

All of these are major matters, restrictions on the flights of U.S. and Europe.

## Lansing Bagnall builds components stockpile

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

LANSING BAGNALL, Britain's major forklift truck makers, is seriously worried about the shortages of components of the strategic stock.

The company will spend through the year, so the build-up of the strategic stock—up to date, the sum invested will be increased.

Mr. Larkins said that the company was fairly optimistic that there would be a revival in trade during the next three to six months.

At the moment the group, which has a turnover of about £60m. and is still privately owned, is working at just over half capacity, with production about 70 per cent. of its total requirements. Some have volunteered to hold the stock themselves.

Mr. Derek Larkins, joint managing director, says: "With the order book down to 60 days against the minimum of 90 days, which the company would normally look for, the 3,500 workforce are on four-day working week.

"The rest of them we know are struggling to survive and will emerge with compulsory redundancies with a lower capacity. By taking and is continuing with a five-year programme we hope to give them the confidence not to cut capacity by about a third by 1980."

## European group formed to test combat aircraft

A EUROPEAN consortium has set up to produce advanced automatic test systems to support the operation of Europe's multi-role combat aircraft under the terms of a contract placed by Panavia with Marconi-Elliott Avionics Systems, a GEC-Marconi Electronics company.

The MRA will be operated by the RAF, the German Air Force, the German Navy and the Italian Air Force.

The contract is believed to provide the biggest potential order for automatic test systems for a single programme outside with the U.S. and establishes a company equipped.

## FT CLIPPER

### Kriter II beat record set by GI

BY ALEC BEILE

THE FRENCH ketch Kriter II, skippered by Olivier de Kers, has broken the record for the Clipper Race two weeks earlier than the British boat.

The record was set by Britain's Kriter II when she home in the Clipper Race two weeks earlier than the British boat.

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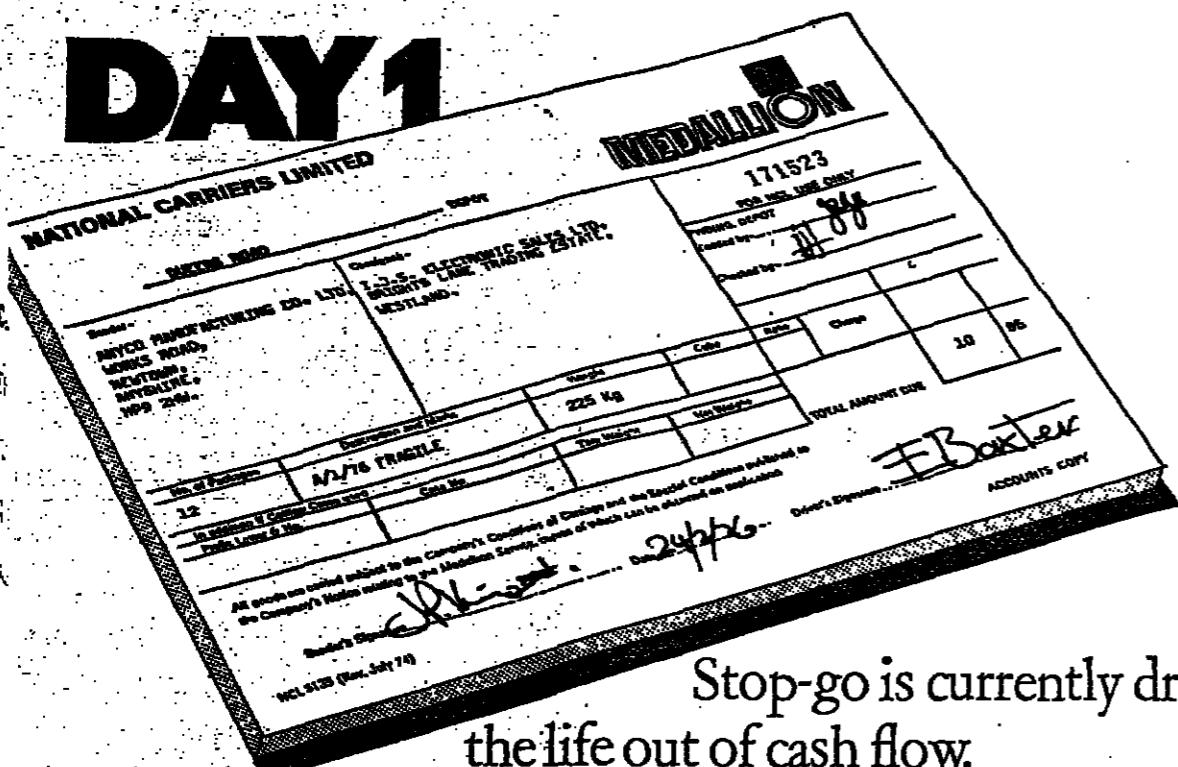
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Customers are ordering less, more often, to maintain lower stock levels.

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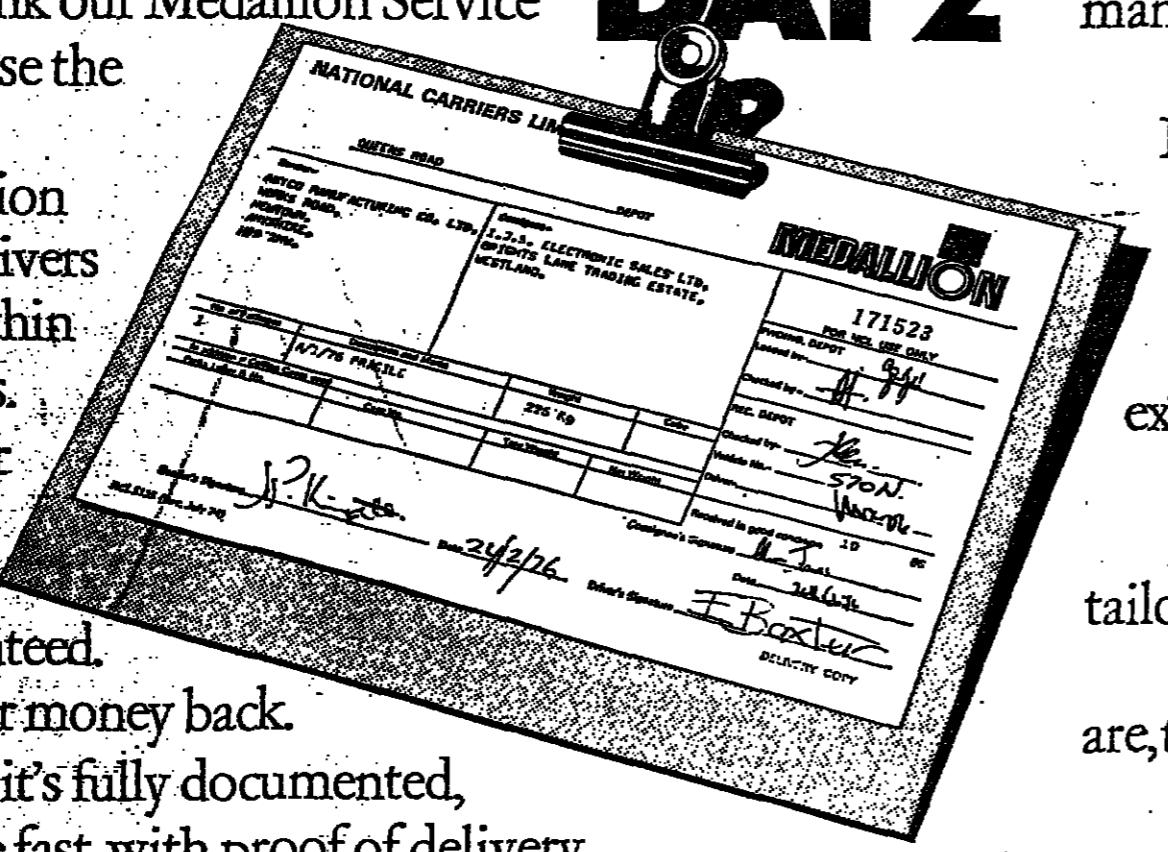
And as it's fully documented, you can invoice fast, with proof of delivery required.

Dramatically improving your chances of being paid within 30 days. And reducing the credit you're carrying.

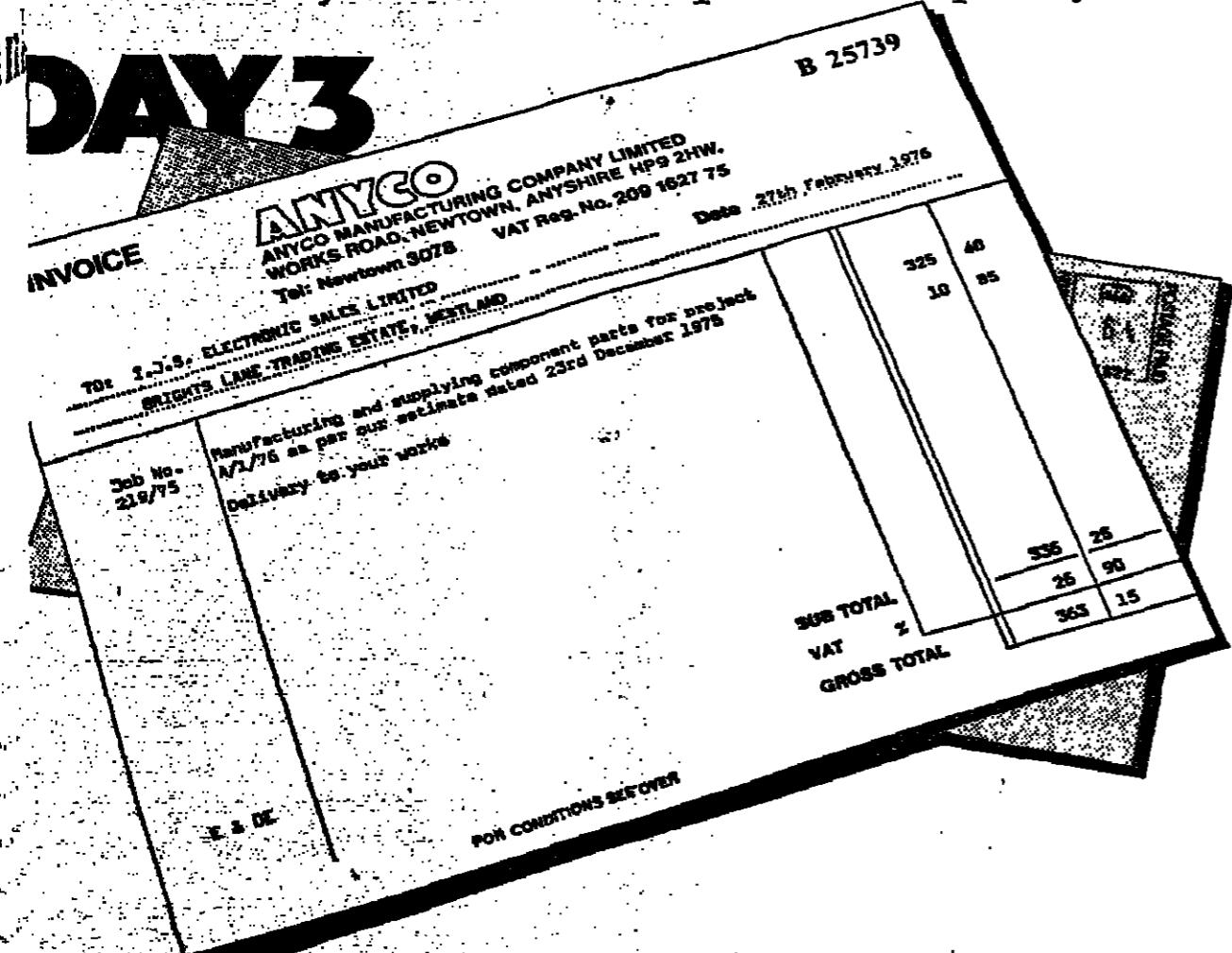
The service is reliable and sensible.

And very cost effective: experience frequently shows

## DAY 2



## DAY 3



that cash isn't flowing because the goods aren't.

Which is a situation that can't be ignored with distribution costs reaching 30%\* of retail price.

And it makes sense to use Medallion for general as well as urgent deliveries. Because the sooner you deliver, the sooner you can invoice.

Just tick the box in the coupon and we'll send you more details.

While you're doing it, you'll also notice a box marked "National Distribution."

It's there because there might be several other ways we can help turn your cash flow from a trickle into a Niagara.

As the largest freight company in Europe we provide many specialised services.

In France, Germany, the Netherlands, Belgium, Luxembourg and Eire, as well as Britain.

With around 7000 vehicles, 100 depots in strategic positions, and 3½ million square feet of warehouse space.<sup>1</sup>

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And if our existing services don't suit your needs, we'll tailor you new ones that do.

Because we understand that as good as your products are, they're no good until you get them to the customer.

Why not find out more?

Fill in the coupon now: all you've got to gain is an improved cash flow.

\*The Director.

To: Mr Alan Baker, National Carriers Limited, NCL House, 21A John Street, London WC1N 2BX.

I could certainly use an improved cash flow.

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A MEMBER COMPANY OF THE NATIONAL FREIGHT CORPORATION  
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# The Office World

EDITED BY JOHN ELLIOTT

Roy Levine examines the profits fall at Rank Xerox

## Changes among the copiers

TO MANY people outside the Xerox has in its favour is the tendency for users to "trade dominated by the offset printing process, still a relatively new era when it had almost all the with a family of products from cheap and certainly high-quality copier market to itself and was the 680 model to the 7000 model system. The only advantage the Monopolies Commission report, applauded for its consistently that allows a company to 9200 can provide is its speed overtake by events. Rank is clearly no longer in a high growth rate. There are exchange one machine for a and very productive collating unit. But one needs to pay a Xerox is technically in a monopoly position, having more than a 25 per cent share.

Outside estimates for the 9200 vary from only 660 installations to about 750 and increasing to 5,000 in 1978. Revenues by then could be between £20m. and £120m. a year. While these figures are significant, they may not be enough to bring Rank Xerox to its former growth rate.

While therefore there can be some uncertainty about whether Rank Xerox will ever again reach and maintain its previous growth rates, there is little doubt about its present decline in profitability—the 6 per cent profits fall last year contrasted strongly with a 27 per cent rise in turnover.

For the first time, the company has embarked on a major belt-tightening operation. At its largest U.K. factory, employees



Mr. Maldwyn Thomas, Rank Xerox's chairman.

markets, there are more exciting prospects in some of the new products. Most important of these is the Xerox 9200 model.

A great deal has been written about this product but not everyone agrees about its prospects. Mr. Thomas reckons that after initial resistance the product is being well received, and he expects to place over 1,000 this year and to get profits from it after 18 months. By 1979, it restructures its rental prices. The new graduated price plan gives a tenth to about 600 people and many operations have been de-centralised.

Another move the company has made in response to a weakening market has been to restructure its rental prices. The new graduated price plan gives a tenth to about 600 people and many operations have been de-centralised.

In effect, this would make the company give separate quotes for servicing. This would provide opportunities for other companies to compete in servicing Rank Xerox's machines sold in the market-place, but is unlikely to hurt Rank Xerox, as indeed a similar decree against IBM seven years ago did little damage to that company.

The next stage will be the Monopolies Commission report, due around the middle of the year.

In many ways the investigation, now complete, has been overtaken by events. Rank is costly, bulky to store and expensive to post.

Furthermore, the transfer of information from the discs to paper using a printer is slow in relation to the speed of the computer itself. A printer can also only produce four copies at a time so that, if more than four are required, they must be copied or printed again.

Many of these problems can be overcome by the use of a U.S. process called "computer output to microfilm"—COM. This is a process of rapidly putting information processed by a computer directly onto microfilm without the need for an intermediate stage of printing on paper.

COM equipment is manufactured by over 15 companies in the U.S. and Europe. It requires a recorder, film processor and duplicator and a reader/receiver at each point where the information is needed.

The biggest users of COM in the U.K. are the financial institutions, which keep volumes of information in computers requiring continual updating for their branches. Many banks and building societies use COM for branch or customer accounts.

When the customer requests a copy of his account, a copy can be produced on the microfilm reader.

The Allied Irish Banks recently set up a Bell and Howell COM system for branch accounts. It cost £130,000 including two recorders, processors and duplicators and 280 readers of microfilm sheets known as fiche.

The system provides quicker retrieval of information at the bank's branches because, instead of having to page through reams of computer stationery, the local branch staff can locate the relevant microfiche (which is indexed) and read off the required facts on the reader.

Apart from the convenience factor, the bank is saving on overheads because it expects to have paid for its original installation within two years from the savings on paper space and postage.

For example, the cost of producing the equivalent of 1,000 pages of information is 12p per copy after the master sheet has

been made for 25p. Against or to use a bureau really depends on the monthly volume and the degree of security and convenience one wants.

In order to obtain the maximum use from COM it is necessary to send the equivalent of eight sequences before the manuals telephone list

is called. The only machine in

the technology is still in

fancy. It is manufactured in the U.S. and costs over £15,000.

Savings can be made in postage, too, for it costs only 5p to have the information in to update directories to 1,000 pages which are contained in microfilm. The only machine in

## A microfilm store for computer data



Details of customer accounts contained on a computer disc (top right) are converted to human-form and then photographed on microfilm (bottom left) on this Datagraphics computer-output microfilm (COM) recorder at the Midland Bank computer centre in London.

in a few microfiche; the paper itself can be used to organise and index the information and is being used in

and is being used in

at the Department of Health and Social Security's Newcastle pension department.

There over 1,000 clerks are fitting in to go straight into the computer thus eliminating punch operators and

If the test is successful, it may be extended to other departments.

The ultimate value of

to eliminate the ten-terabyte of the computer-specific information—computer can recognise written code, access to fact in the computer instant.

ROY LE

This can be done using a process called "computer-input-from-microfilm" (CIM) which converts human readable information into digital form.

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ROY LE

## Airline computer work

BY KENNETH RANDALL, IN CANBERRA

THE CONTRACT to install and maintain computers for British Airways won by the Australian company Data Processing Customer Engineering (DPCE), a subsidiary of The Dier Computer Corporation, is expected to commence in July and be fully operational by November.

DPCE will be responsible for

total maintenance and installation of the airline's IBM computers at Boardice House, Heathrow, and the maintenance of three operating Univac

computers in West London.

The British Airways contract, announced ten days ago, is DPCE's largest move into overseas operations, although it already maintains the Philippines' largest computer installation. DPCE has done a similar job for Qantas, the Australian airline, in recent years, although the hardware combination there is IBM-Honeywell. British Airways is the company's first Univac contract, even though

the London staff will be from European sources. Apart from

Qantas, DPCE's Australian clients include Ansett Airlines, Texas Instruments, Reader's Digest, and Goodyear, and Adaps, a major survey organisation.

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## OVERSEAS NEWS

**Sadat breaks off 15-year Soviet friendship treaty**

MICHAEL TINGAY

**I**DENT Anwar Sadat to-day terms one year's notice of abrogation should be given by either a draft decree abrogating the 15-year 1971 treaty of friendship and co-operation between Egypt and the Soviet Union. A question mark now hangs over Egypt's debts to the Soviet Union (military debts total \$2.7bn), although discussions are continuing on a refinancing fund backed by Saudi Arabia and possibly Western countries.

Egyptian President re-enters the treaty in frustration. He continued to refuse to pay Egypt's arrears or to renew its debts. He was in the stage when he met with the Soviets to discuss the new five-year plan and when he spoke privately to God Almighty on my knees. If this document of a friend, the document is more than a scrap of paper.

The economy was in dire straits, but foreign experts would be brought in as the new five-year plan was developed, he with new men.

**Big price rises in Israel**

BY L. DANIEL

JERUSALEM, March 14.

**T**HE ISRAEL Government, to-day indicated that the night it decided on massive price increases in most consumer staples of between 20 and 25 per cent. The increases are the corollary of a 50 per cent cut in the subsidies for milk, milk products, poultry, bread, and cooking oil in the draft Budget for 1976/77. According to the 10-year agreement under which India builds MiG 21s under licence, it can only export spare parts with Soviet permission. Ago, India announced permission had been granted. It is explained, the 10-year treaty of friend-co-operation was signed on May 25, 1971, two weeks after Mr. Sadat to-night by nearly 2 per cent. The Israeli pound was devalued to 17.52 to the dollar, it was announced—the sixth devaluation in the past half year. This gave Egypt economic help and under its fuel prices will rise to take purchasing power.

**ECE forecasts 3% growth**

DAVID EGLI

GENEVA, March 14.

**E**UROPEAN economies, at about 10 per cent, compared with 5 per cent in the 1960/73 period. Their capacity, are at a standstill, where sustained recovery stagnation hangs in the air, according to the United Nations Economic Commission Europe (ECE).

Initial forecasts, the ECE says on Western Europe, set here-to-day reports that growth this year is not more than 3 per cent.

**Spanish major arrested**

BY ROGER MATTHEWS

MADRID, March 14.

**A** SPANISH Army major was arrested yesterday amid reports from military sources that they are effectively unemployed. Together with other units sent to the Sahara to forestall the invasion by Morocco, the Spanish Legion officers feel let down by the Government's sudden hand-over of sovereignty to King Hassan.

The latest officer to be arrested is Major Antonio Cordoba, a tank regiment engineer. He is apparently going on in the Canary Islands for officers who have been held, the rest being captains. Reuter adds: Newsweek magazine reported in New York today that Spain's King Juan Carlos has offered to let his father, Don Juan de Borbon, act as Regent whenever the monarch leaves the country, provided he renounces his claim to the throne.

**Socialists seek aid for Portugal**

PORTO, March 14.

**S**Ocialist chiefs from eight European countries pledged here to-day to press for more economic help for Portugal.

The promise was included in a communiqué at the end of a meeting by eight Socialist and Social Democrat leaders from four heads of Government—those of Holland, Sweden, Norway and Austria. The other conferees were party leaders from West Germany, Italy, Belgium and Spain.

Their communiqué said: "Portugal belongs to Europe. Europe has to recognise its responsibilities towards Portugal."

**Iran metro go-ahead**

The go-ahead has been given at last for a metro in Tehran, reports Robert Graham. The cost of the 63-kilometre scheme is over \$1.5bn. A \$25m. contract placed yesterday with Sofretu of France, covers engineering and design work, with completion of the first phase—a track running from the bazaar to the new commercial and administrative centre being built in the north of Tehran—within two years.

**Lockheed charge**

Japanese prosecutors have laid their first charge in the Lockheed corruption case, accusing ultra-rightist Yoshiro Kodama of failing to pay Y533.7m. (\$2.8m.) in income tax in 1972.

The national tax agency has given him until noon Friday to pay taxes and penalty taxes amounting to Y1.493m. for income allegedly received from Lockheed during 1970, 1971 and 1972. Mr. Kodama, 65, is said by Lockheed officials to have worked for the company as a secret consultant since the late 1950s.

**Salisbury cheered**

Rhodesian Government sources have welcomed Mr. Harold Wilson's warning to Russia and Cuba in the Rhodesian dispute. A Government source here described Mr. Wilson's action as a step in the right direction and in contrast to the U.K.'s "negative" attitude over Russian and Cuban intervention in Angola, writes Tony Hawkins from Salisbury.

**Refugees gather on Egypt-Libya border****Suspension of Ford aide is little threat to campaign**

BY JUREK MARTIN, U.S. EDITOR

CHICAGO, March 14.

**T**HIS SUSPENSION of Mr. Ford's own image and that is no accident that the President's staff is one of absolute den's campaign took a turn for the better when real control was possible conflict of interest that some of the mud may stick. Fordian political consultants, Mr. Calloway, ought not to damage the President's election chances, in the view of his political advisers.

The other side of the same coin, according to Mr. Howard's advisors, is that by acting with all due speed and openness, the President has publicly shown that the President was looking for a chance to ditch Mr. Calloway in any cover-up, in sharp contrast with the invariable behaviour of the Nixon administration. A Senate investigation into the allegations will get under way shortly.

It is even being suggested that the President was looking for a chance to ditch Mr. Calloway in any case, and has now taken that opportunity, with Mr. Calloway unlikely to return even if given a clean bill of health.

It is possible that the most important long-term political development at the weekend is Governor Brown's announcement that the President was looking for a chance to ditch Mr. Calloway in any case, and has now taken that opportunity, with Mr. Calloway unlikely to return even if given a clean bill of health.

The suspension of Mr. Calloway follows reports that while Secretary of the Army, he had exerted improper influence with other parts of the Government in order to secure extra federal land grants to enlarge a ski resort in Colorado in which he is the biggest shareholder.

The mass exodus is in retaliation for the arrest of 27 Libyans, alleged to have been sent last week to kidnap or assassinate two senior Libyan officials who took refuge in Egypt several months ago.

On Tuesday, another train will go to Salm, about 40 miles west of Alexandria, to pick up more of the refugees. Every available vehicle has been sent across the desert from Alexandria with food. The dust storms have forced shutdowns at all Egyptian harbours and airports as well as of navigation in the Suez Canal.

The verbal war between Egypt and Libya has cast doubt on the future of the loose federation of Arab Republics which involves Syria along with the Syrians and Egyptians. But officials in Cairo said Egypt is unlikely to adopt any measure which might break the federation.

The federation's parliament was due to hold a new session yesterday, but this was postponed indefinitely because 20 members failed to show up.

Recent surveys suggest that

there are a number of Third World countries—particularly in Africa and Latin America—which may have extensive oil deposits which have been unable properly to look for them because of a lack of capital.

But Bank sources are anxious to stress that much more work has to be done before even tentative proposals about ways in which the organisation might help can be forthcoming. Apart from anything else the Bank is well aware that it must tread warily if it is to avoid problems either with OPEC or with the oil companies, and it is anxious

**New gains for French Left test Giscard**

By Rupert Cornwell

PARIS, March 14.

**F**RENCE'S Socialist and Communist Left has underlined its steadily growing appeal by making further gains in today's second round of the nationwide cantonal elections.

Bolstered by a turnout expected to top last weekend's near-record first round showing of some 65 per cent, the Left appears to have captured control of up to 11 departments, whose regional councillors were up for election today.

With some 90 per cent of the basic results in, the Left had improved its position to win 840 of the cantons, against 861 for candidates representing the ruling coalition of President Valery Giscard d'Estaing.

In the struggle for seats, some notable heads rolled, including that of the present Transport Secretary, M. Marcel Cavaille, in his constituency of Toulouse. However, the left-wing alliance failed to bring off some of the more spectacular successes that its supporters, at least, had hoped for.

In addition there were distinct rumbles of discontent, particularly from the Communists, that the Socialists had not played by the rules of the alliance in supporting a Communist in the second round—a potential squabble that could herald new tensions within the Union of the Left.

A fresh proof of the Opposition's popularity is the fast rising possibility that the Bank might be able to provide specific petroleum development assistance loans, which would obviously be very attractive to those developing countries whose balance of payments and economies would benefit enormously were they to discover oil.

He is facing an acute dilemma over the franc, in whose defence the Bank of France has spent some \$8bn. since January to hold a parity with which the markets increasingly disagree. At the same time a proliferation of public sector strikes over pay show that the unions are again flexing their muscles after a long period of quiescence.

**World Bank may give oil cash**

WASHINGTON, March 14.

BY DAVID BELL

**T**HE WORLD Bank has begun a preliminary study to identify ways in which it might assist Third World countries to discover and exploit their petroleum reserves.

The study, which is still in a very early stage, is concentrating on those developing countries which may have problems raising the capital needed to finance oil drilling programmes, and have failed so far to attract oil companies to undertake this kind of exploration.

Recent surveys suggest that

**NEW NATIONAL INSURANCE CONTRIBUTIONS FROM 6 APRIL 1976: HOW THEY AFFECT YOU.**

National insurance pensions and other benefits were increased in November and contributions are being increased from 6 April for employers, employees, the self-employed and people who pay voluntary contributions. The main contribution changes are summarised below but leaflet NI 208/Apr 76, obtainable from Post Offices and Social Security offices, gives full details.

**CLASS 1 CONTRIBUTIONS** The standard-rate contribution will be increased by 1% for both employer and employee. Contributions will be payable by employers at the following percentages for employees earning £13 a week or more on all their earnings up to a new limit of £95 a week.

	EMPLOYER	EMPLOYEE	TOTAL
Standard rate for men and women	8.75%	5.75%	14.5%
Reduced rate for some married women and widows	8.75%	2.0% (unchanged)	10.75%
Retired person's rate	8.75%	Nil	8.75%

**THE LOWER EARNINGS LIMIT** below which no Class 1 contributions are payable by employer or employee, is being raised to £13 a week.

**NEW CONTRIBUTION TABLES** are being issued direct to employers and further copies can be obtained from Social Security offices. The tables in leaflet NP15 must not be used for earnings paid on or after 6 April.

**CLASS 2 & CLASS 4 CONTRIBUTIONS FOR THE SELF-EMPLOYED**

**CLASS 2 (FLAT-RATE) CONTRIBUTIONS** for men remain unchanged at £2.41 a week. Women's contributions will be increased by 10p to £2.20 a week from the week commencing 11 April as a further stage in the process of raising them to the same level as men's contributions.

**IF YOU EXPECT TO EARN LESS THAN £775** from self-employment in the 1976/77 tax year you can apply for exception from liability to pay Class 2 contributions. This is £100 more than the limit for 1975/76.

**CLASS 4 (EARNINGS-RELATED) CONTRIBUTIONS** will continue to be 8% of profits or gains over £1,600 a year but the upper limit for assessment will be raised from £3,600 to £4,900 a year (approximating to the new Class 1 limit of £95 a week) for the 1976/77 tax year.

**VOLUNTARY CLASS 3 CONTRIBUTIONS** The flat-rate contribution will be raised by 20p to £2.10 a week from 6 April.

Issued by the Department of Health &amp; Social Security

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JULY, 1976

Financial Times Monday March 15, 1976

# businessman's Diary

## U.K. TRADE FAIRS AND EXHIBITIONS

Indian Electric Motors and Switchgear (cl. Apr. 2)	Venue
Chelsea Antiques Fair (cl. Mar. 20)	28-30, Cork Street, W1
Daily Mail Ideal Home Exhibition (cl. Apr. 3)	Town Hall
National Carpet Fair (cl. Mar. 18)	Olympia
Furniture Production Exhibition (cl. Mar. 19)	Winter Gardens, Blackpool
Process Ctrl. Instrumentation Exbu. (cl. Mar. 19)	Nat. Exhib. Centre, Birmingham
Sound '76 Public Address Equipment Show	U.S. Trade Center, W1
Northampton Comes to Town Exhibition	Bloomsbury Centre Htl., WC1
Building and Public Works Exhibition	London
Euro Arts and Crafts Exhibition	Earls Court
London-Brighty Exhibition	Kelvin Hall, Glasgow
Autumn Shoes Exhibition	Bingley Hall, Birmingham
Pulp, Paper and Board Exhibition	Edmonton
Int. Brewing Bottling and Allied Trades Exbu.	Exhibition Centre, Harrogate
Junior Fashion Fair	Horticultural Halls, S.W.1
Photography at Work Exhibition	Exhibition Centre, Harrogate
Heating, Ventilating, Air Conditioning Exhibition	Nat. Exhib. Centre, B'ham
Plastics Industries Exhibition	Belle Vue: Manchester
Leather International Exhibition	West Coast Hotel, S.W.6
British International Fashion Fair	Nat. Exhib. Centre, B'ham
Frozen Food Exhibition	Metropole Centre, Brighton
Birmingham Motor Show	Bingley Hall, Birmingham

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

International Trade Fair (cl. Mar. 27)	Cairo
International Motor Show (cl. Mar. 21)	Geneva
Intl. Agric. and Animal Farming Fair (cl. Mar. 19)	Verona
International Sailing Boat Show (cl. Mar. 21)	Amsterdam
International Book Fair (cl. Mar. 21)	Brussels
International Spring Fair (cl. Mar. 21)	Liepzig
International Fashion Fair	Beograd
LAVASTIR '76	Copenhagen
International Fair	Milan
European Educational Materials Exhibition	Lyons
Heating, Air-cond., Environment Technics Fair	Bordeaux
Women's Ready-to-Wear Clothing Exhibition	Paris
Food Beverages and Machines Fair	Thessaloniki
Electronic Components Exhibition	Paris
British Technology for Malaysia Exhibition	Kuala Lumpur
International Swedish Trade Fair	Goteborg
Building, Heating, Plumbing, Air Conditioning	Helsinki
International Exhibition of Textile Machinery	Kallang, Singapore
Fashion Fair	Hamburg
Milan Trade Fair	Milan

## BUSINESS AND MANAGEMENT CONFERENCES

Inst. of Credit Mgmt. National Conference	Hilton Hotel, W1
Financial Times: Industrial Relations in 1976	Royal Lancaster Hotel, W.C.2
WTI: Trading Opportunities in EEC and EFTA	World Trade Centre, E1
Henley Centre: Britain in the 1980s	Carlton Tower Hotel, S.W.1
RPN: Safety in Food Processing and Packg. Ind.	Fanshams Hall, Ware
North Wales Univ.: Financial Institutions	Chartered Inst. of Inst., E.C.2
ICMA: Liquidity Management	Sheffield University
Inst. of Structural Eng.: Offshore Technology	Durham University
BIM: Man. Scarce Resources in Public Service	SloUGH, Bucks.
Inst. of Directors: Capital Transfer Tax	Royal Garden Hotel, W.8
Assn. Cert. Acc.: Accounting for Inflation	Kingsley Hotel, W.C.1
Frank Jefcobs: Planning Press Relations	Countryside Rooms, W.C.2
Management Science in Banking and Finance	Imperial College, S.W.7
Inst. of Directors: Capital Transfer Tax	Royal Garden Hotel, W.8
Telisales: Phonepower '76	Russell Hotel, W.C.1
Econ. Models: Forecasts for Euro. Automobile Ind.	EM House, S.W.1
Over-Isle of Man as a Financial Centre	Palace Hotel, Douglas
Inst. Admin. Man.: Pruning Admin. Overheads	Highgate Htl. Bournemouth
Stanford Research Inst.: Decision Analysis	Inst. of Directors, S.W.1
Bradford University: Employee Relations	Heaton Mount, Bradford
RACIE: Television in Training	Goldsmith's College, S.E.4
Wales Ind.: Production and Planning Systems	Bath
BAS: U.K. Construction Ind. in Kuwait and UAE	NFETE Centre, W.1
Leeds Univ.: Future of Containerisation	University of Leeds
PE-Cons. Group: Project Management	Training Centre, Egham
Kennedy-Tregebo: Decision Making for Senior Man	Hartley Wintney, Hants.
Brunel Univ.: Participation in Practice	Uxbridge, Middlesex
Operational Research: Investment Appraisal	London Graduate Sch., N.W.1
Timber Research: Farmbuilding in Europe	Stoneleigh, Warwickshire

## EMPLOYMENT PROTECTION ACT — 12 MONTHS AFTER THE ROYAL ASSENT

### INDUSTRIAL SOCIETY SPECIAL CONFERENCE

Now we have had time to assess the Act more closely we can see its strengths and weaknesses.

Mr. John Pascall, Head of Industrial Affairs Department, M.I. Society

MINISTER: The Rt. Hon. Albert Booth, MP, PC. "The Act and its operation to date."

OWNER: Dr. Paul O'Higgins, Barrister, Chancery, Cambridge, to those many questions."

COMPANY: Michael J. Wether, Personnel Director, Rockware Glass. How are we equipping our managers?

JUNIOR: Mr. Morimer, Chairman, Advisory, Conciliation and Arbitration "The Code of Practice and Progress."

UNION: Clive Jenkins, General Secretary, Association of Scientific and Managerial Staff. "The unions not affiliated to the T.U.C."

Friday 26 March, 1976, Mayfair Hotel Theatre, London, to Judy Wellcome 01-839-4300.

Liverpool, 4 May: Building, 2 May: Birmingham, 5 April: Portsmouth, Cardiff, 3 May.

Evening sessions Southern on Sat 14-23-28 April.

General information and advice contact: Management Relations Department, The Industrial Society, 3 Carlton Terrace, London SW1Y 5 DG, 01-839 4300.

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## ele mipel

### in FLORENCE

Palazzo degli Affari-Piazza Adrea

2-5 APRIL 1976

(The Show will close at 12 a.m. on April 5, 1976)

★

### in MILAN

International Fair Grounds

NOVEMBER 1976

(Exact dates to be indicated)

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## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interim or final. The sub-division shown below is based mainly on last year's time-table.

### TO-DAY

COMPANY MEETINGS—

Aldermaston Discount 24 Lombard Street, E.C.2

Derby Trust, Forman Hotel, W.12

Great Western and Southern Investment Trust, St. Mary Axe, E.C.2, 11.30

BOARD MEETINGS—

Finals:

Brown T. F. and J. H. N.

Brown Eng. Products

Dept. of Man Enterprises

Jameson C. H. and Sons

Leather Products

Petaling Rubber Estates

Reed & Prince

Rugby P. Cement

Sanderson Weston

Stevens and Fergus

Stockwell and Potts

TO-DAY

BOND & INTEREST PAYMENTS—

BECC Div. 31s and 3-pcs

Barkings Soc. Ltd. 24 Lombard Street, E.C.2

BD. Sks 1/4 and 2/2pc

Brit. Electricity Soc. Old Stk. 74-77 11pc

Camden Soc. Red. Sks 77-79 31pc

Com. Gold Refd. Red. Sks 16-25 Proposed re-arrangement of interest rates together with accrued interest on 16th March

Commission Engineers 23 pc

Cutter-Hammer 40 pc

Davidson 25 pc

EEA African High Commission 40c 73-76

EEA Atlantic Rubber Estates 4-1332c

Eddystone Soc. Red. 16 2/2 31pc

Edinburgh Inv. 4-2pcPd Stk. 1.575pc

East Petroleum 2 Stk. 2 1/2pc

Endicott 1976 1976 1976

Gloucestershire Soc. Red. Sks 77-80

Great Western 7 Inv. Stk. 1891 31pc

Honeywell 35 pc

Imperial Chem. Inds. 5 pcBds Red. 1982

Int. Systems and Controls Corp. 6-25 pc

Jamaica Inv. 25 71-72 1/2pc

Kirkland Soc. Stk. 77-81 24pc

London Robert H. 2 1/2pc

Loco 2 1/2pc

Middlesex County Council Rec Stk 1982 2 1/2pc

Modem Inv. Stk. 78-81 1/2pc

New Zealand Inv. Stk. 76-78 3pc

N.H. Motorcycles 2 Stk. 2 1/2pc

Nossalnd Soc. Stk. 75-80 2pc

Parsons State 7 Inv. 7 Cons. Bds —Plan A 2 1/2pc

Qatar Gas Soc. Soc. 50pc

Reuter Natl. Glass Co. Stk. 1.5pc

Scot. Allianc. Inv. Ord. Stk. 1.2pc

TROW 30 Cts

Treasury 1973 4-10c. Stk. 1978 16

W.R.G. 1973 4-10c. Stk. 1978 16

Woolworths Publications 0.388pc

Western Canad. Inv. 30 White Pass and Yukon 17 1/2 pc

Gloomy outlook for managers seen by survey

Financial Times Reporter

A GLOOMY outlook in 1976 for managers in British industry is spelt out in a survey published today by personnel consultants to-day by personnel consultants to-day.

The survey involved nearly 200 companies and analyses the pay, work conditions and prospects of just under 5,000 directors and managers. It shows that overall average salary rose by 17.4 per cent last year, compared with a 19.3 per cent for all U.K. employees and a 24.9 per cent rise in the retail prices index.

Apart from narrowing differentials, it underlines a continuing fall in the "typical" executive's living standards, taking into account the main items of family expenditure — taxation, food, housing, fuel and transport.

The analysis is based on a 32-year-old family man with an 85 per cent mortgage and car purchase loan, earning £4,000 in January 1974 and receiving a 15 per cent salary increase in 1974 and 1975.

It shows that his disposable income actually fell by 1 per cent in both years, when he needed a pay rise of 17 per cent simply to cover increased costs. In real terms, his disposable earnings fell 7 per cent.

The survey also shows that with over 20 per cent of the companies intending to cut back on management staff this year, insecurity is also a major problem.

U.S. \$15,000,000.

MITSUBISHI CORPORATION

(Mitsubishi Shoji Kaisha, Ltd.)

7½% Convertible Debentures

Due 1985

NOTICE

I, Takehiko Kato, a Representative Director of Mitsubishi Corporation (Mitsubishi Shoji Kaisha, Ltd.) (the Company), hereby give notice as follows, pursuant to Section 404(1)(a) of the Securities Act of 1933, as amended, giving effect to the aforesaid free distribution of shares, will 15.00 Japanese yen per share of common stock.

The aforesaid adjustment to the conversion price is being made in accordance with the provisions of Section 404(1)(a), (2) and (3) of the said Act.

IN WITNESS WHEREOF, I have hereunto set my hand the 23rd day of February, 1976.

MITSUBISHI CORPORATION

(Mitsubishi Shoji Kaisha, Ltd.)

TAKEHIKO KATO

Representative Director

Arange of prices: SILK CUT Number 3, 34p. Number 1, 39p. Regular 42½p. King Size 47p and International 52p.

## APPOINTMENTS

# Taylor Woodrow overseas company

A new company, TEAMWORK, has been registered in Saudi Arabia to undertake building, civil engineering works and mechanical engineering works and has been formed on a 50-50 basis between International Teamwork, a subsidiary of the Taylor Woodrow Group, and Ali Zaid Al Quraishi and Bros. operating throughout Saudi Arabia. The Board of directors of the company are: Mr. Ali Zaid Al Quraishi (chairman), Mr. Khader Zaid Al Quraishi, Mr. Abdin Karim Zaid Al Quraishi, Mr. Ronald P. Whitehouse (managing), Mr. C. George F. Hazell, Mr. Bernard L. Mosley, and Mr. Roger M. T. Ralke (resident general manager).

Mr. John F. Phillips, chief executive of the Institute of Chartered Secretaries and Administrators, has been appointed as chairman of the governing body of the HOUGHTON POULTRY RESEARCH STATION. Mr. Phillips has been a governor for some years, and the appointment, made by the Secretary of State, is for a term of three years from March 17, 1976.

Mr. Victor Barlow, managing director of Jack Barclay, has been appointed to the Board of DUTTON-FORSHAW GROUP of which Jack Barclay is a subsidiary. Miss Carol Dutton-Forshaw has resigned from the Board of Dutton-Forshaw Group to devote her time to other interests.

Following upon the retirement of Mr. B. Marshall-Hart, Mr. Ronald Bond has been appointed as deputy regional commissioner for National Savings in the London region.

Mr. Clifford F. Smith, head of the investment and securities department of JULIUS BAER INTERNATIONAL, has been appointed an assistant director of the bank.

## Dearest food for 60 years\*

By Donald Maclean

FOOD now costs more in relation to other items in the household budget than it did ten years since before the First World War, according to Professor George Peters, of Liverpool University. But it could regain the former relative level once the effects of joining the Common Market have worked through. If the ratio of food prices to those of other goods was based at 100 in 1970, it stood at 108 now. Professor Peters said yesterday. On this index, the relative price of CONSULTANTS, a company food was 122.6 in 1913, but fell jointly owned by Powell Duffry to 94 by the early 1930s.

## If you're looking for a low tar cigarette surely it makes sense to smoke Silk Cut.

LOW TAR As defined by H.M. Government  
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING



# Building and Civil Engineering

## Impey takes £10m. three awards

**WINNING** bids in dwellings in Gorton Street and Manchester and Meyer Street, a house over Winnipex has secured 1,000 persons and 2,000 sq ft of work worth over £22m. Most of the housing will consist of 240 two-storey no-frills houses. Completion is for October 1977.

Stockport's plan envisages a 10-storey tower at Market Way, a school at School Street, Edgeley, again in No-Frills, the pay No-Frills technique employed throughout. The dwelling will include 121 three-bedroom houses.

Winnipex Canada is also in the news with an award worth about £1.5m. to complete a site preparation, including roads and sewerage, in Markham, Ontario and awarded by Costain Corporation's 371 Estates.

**ee jobs** Cubitts

Brent Borough of Brent two housing contracts in Holland Hammersmith and construction (London) Ltd. A development in Finch Avenue, will provide one-bedroom flats and penthouses at a cost of £1.4m. with ancillary works to be completed in 12 months.

A separate contract will build 54 flats and penthouses with an community centre at Land's End. Work will start this month and will be completed within 21 months.

For the two schemes P. Bennett and Sons will be building within the existing road network.

WILLETTS is to build 260 timber-framed council houses at Thong Lane, Gravesend, Kent, under a contract awarded by Gravesend Borough Council worth about £2.6m. A start has just been made on the 83-week contract.

The company is using the timber-framed "shell" type of construction designed by The FrameForm Partnership, and when the scheme is completed 184 three-bedroomed and 85 two-bedroomed units will be available.

HOUSES in various areas have now been given a new lease of life by Tyfoam. A typical semi-detached council house can be

FLATS for the elderly are being built by John Laing in Rydal Street, Carlisle, for the Anchor Housing Association. Work has just started on the £250,000 contract.

Construction will be of traditional cavity wall brick with pre-

cast and in-situ suspended reinforced concrete floors and tiled pitched roof. Completion is due in April 1977.

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Frankfurt: Frankfurt, 10, Via, Tel: 061-226 4126.  
Tokyo: 10 Farnham Street, London, W1. Tel: 01-226 4126.

MONDAY, MARCH 15, 1976

## Interest rate pressures

WHETHER or not the British been stated without very good authorities welcomed the reasons. The two main influences—initial depreciation of sterling and the U.S. monetary scene a week ago, all schools of the pace of economic thought now certainly believe recovery and the behaviour of what enough is enough. A rapid the money supply. The real further fall would aggravate American GNP has been rising international currency tensions at an annual rate of about 8 per cent and would give an upward push cent, and a revival in business to British costs, unrelated to demand for credit is due. The domestic inflationary forces, increase in the money supply is the main danger of this happening has been political. A range laid down by Dr. Arthur Burns, the Fed chairman, and the emphasis is now likely to switch to restraint.

### Longer term

There is more scope for disagreement about longer term interest rates, as two conflicting forces are at work on both sides of the Atlantic. A reduction in inflationary expectations is good for Government bonds. The progress already made in reducing the rate of price increases in the U.K. has probably not been taken fully on board by financial opinion. On the other hand, both the American and the British Governments have large Budget deficits to finance.

This has been fairly easy in a period of recession, in the Minimum Lending Rate. This would merely have in a period of recovery, and increased the crisis atmosphere and would have been contrary to all sensible principles of pre-managing either the foreign sure on long-term as well as exchange market or domestic short-term rates.

There is a homely moral here. Although they are now flush of falling British interest with funds, there is a good rate, even when the immediate chance that the position will he difficult to pass. The reversed by the end of the year, biggest single influence on the desire to prevent mortgage short-term rates is the behaviour of money markets in New York. Last week's unexpected fall in the U.S. Treasury bill rate was why British Governments have lost control over the money Federal Reserve policy and may well have been prompted by a desire to take the pressure of sterling and other European currencies.

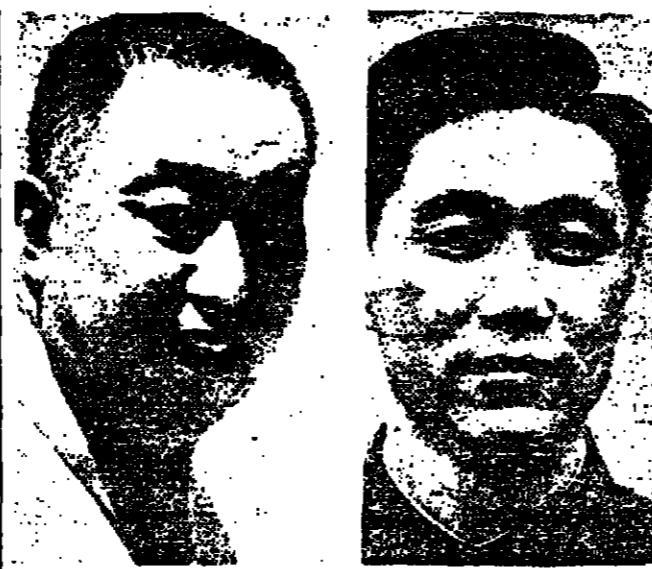
The March Bank of England will appear to have reached a future is that the Societies will have to weigh carefully the case to take in public about another country and would not have here and now.

## Dr. Kissinger's self-defence

THERE IS a plaintive, self-justifying note in the recent talking to the Russians as if nothing had happened. "There which suggests that he has yet to appreciate the extent to Boston," to the policy of which his conduct of U.S. foreign policy is open to criticism. "The world watches with amazement," he said in Boston last week, "our adversaries with glee and our friends with growing dismay how America seems bent on ending its influence and destroying its achievements in world affairs through an orgy of recrimination." And again, in an obvious attack on Senator Jackson and Mr. Ronald Reagan: "What do those who speak so glibly about one-way streets or pre-emptive concessions propose concretely that this country do? What precisely has been given up? What risks would they run?"

This is the language of the hustings, adequate perhaps to cope with Mr. Reagan, but hardly convincing as a defence of Dr. Kissinger's own policies. For as far as the Secretary of State is concerned the outside observer is struck less by the orgy of recriminations than by his readiness to remain in office despite the fact that his policies so often have either failed or been defeated. The domestic attacks may lack subtlety, but there is no shortage of ammunition.

**Angola**  
The case against Dr. Kissinger is not that America has grown weaker (it may also have grown wiser); it is that he does not do those things he says he is going to do, and he frequently does things which he said he was not going to do. He has become a very difficult man to be sure of, making threats which he cannot carry out. Angola is a perfect example. Dr. Kissinger believed that Soviet expansionism should be countered wherever it took place, but was defeated by Congress, as he had earlier been defeated on the question of sending arms to Turkey. There are becoming so pervasive that arguments on both sides, but they may be affecting his



Wang Hung-wen, now in his forties, was a worker in a Shanghai textile mill until January, 1967, when he was deeply involved in the Cultural Revolution as a founder of one of the winning factions. He was appointed vice-chairman of the provincial Revolutionary Committee in 1968, a member of the party Central Committee in 1969, and party vice-chairman in 1973. Since the death of Premier Chou En-lai he is second to Chairman Mao in official party ranking.



Yao Wen-yuan, probably in his early fifties, was active in Shanghai from 1951 as a writer and youth worker. Under Mao's direction he launched the Cultural Revolution in November, 1965. With Chiang Ching and Chang Chun-chiao he ran the Cultural Revolution group in 1966, but returned to Shanghai with Yao in early 1967 to take control of Shanghai. In 1969 he became a member of the Politburo in 1969 but has had no other office since then. He has been rumoured to be married to Mao's daughter.



Chang Chun-chiao, who is about 60, worked for the New China News Agency and later ran the Shanghai Liberation Daily from 1954. He was associated with Chiang Ching and Yao Wen-yuan in the Cultural Revolution in Peking from 1966, but returned to Shanghai with Yao in early 1967 to take control of Shanghai. In 1969 he was appointed to the new provincial government in 1968 and in 1969 became a member of the Politburo. In 1973 he became Vice-Premier and director of the Army's general political department.



Chen Hsi-lien is now 63, a veteran of the Long March of the thirties. He took south-west China from the Nationalists in 1949, and held senior posts there in the early fifties where he worked with Teng Hsia-ping. He commanded the Shenyang Military Region in 1959 and in the Cultural Revolution became chairman of the Liaoning provincial revolutionary committee. At New Year 1972 he was moved to command the Peking Military Region. He became a Politburo member in 1969 and a Vice-Premier in 1974.



Chi Teng-kuei, probably in his late fifties, was first identified as a local party secretary in 1959. He was described as a revolutionary leader in Honan province in 1967, and a Red Guard paper of the time reported him as an old friend of Chairman Mao. He was appointed to the new provincial government in 1968 and in 1969 became a member of the Politburo. In 1973 he became Vice-Premier. He is also political commissar of the Peking military units.

## A Chinese Who's Who

BY COLINA MACDOUGALL



Chiang Ching, in her early sixties, married Chairman Mao in 1940, supposedly against the wishes of the other Communist leaders. A film star in Shanghai, she became interested in politics and went to Yan'an (the Communist base) in 1937. After her marriage she played no part in public life until the Cultural Revolution, when she was deeply involved in the attack on party figures and in a tanning disruption. She became a Politburo member in 1969. Since then her overt political activities have been confined to culture.

—have all been visible on at least one occasion, and Chang three times. Shanghai is notable for the fact that the Press there, ever since the Cultural Revolution, has been more radical than elsewhere.

Chiang Ching, closely associated with the first two in the Cultural Revolution, made one of her rare appearances to greet former President Richard Nixon and his wife, though this could be explained as merely a courtesy. Chi Teng-kuei, who, though he comes from Honan province, seems to share the same kind of administrative experience as Chang Chun-chiao, has also been on view. Chen Hsi-lien, an experienced soldier who commands the key Peking Military Region, has appeared twice. The new acting Premier, Hua Kuo-feng,

was in the limelight during the Nixon visit, though a question mark must hang over him as his experience seems to align him more naturally with the old guard. Only a few of the newcomers are obvious allies because they hold common views. Among them the three Shanghai men stand out as a possible nucleus, though their backgrounds are very dissimilar. Chang Chun-chiao is a potential national leader, with years of party work behind him in China's most troublesome city, but his radicalism seems to have modified since he came to Peking. Of the other two, Yao is a writer and Wang a promoted textile worker. Both appear to be radicals, though formed by very different experiences.

Who is using whom in running the campaign against Teng is far from clear. Nobody knows how active Mao himself is. The role of Chiang Ching, his wife, is hard to pinpoint. While she seems to be the driving force in the Press campaign she has no real political base. Her chances of attaining real power seem nil. Yet she must know that her interests lie with anyone who opposes Teng and the other veterans. Her relationship to the Chairman may be useful.

Chen Hsi-lien, the Peking commander, is perhaps the most significant unknown. Unconfirmed reports say that he replaced the aged Yeh Chien-ying as Minister of Defence when Hua became acting Premier. If the Chinese military had not been, on the whole, remarkably loyal to the party leadership Chen would seem a formidable contender for power. But in to-day's fluid situation, the old constraints could break down. Though Teng is—or was—Chief of the General Staff, Chen, as commander of Peking, controls the capital with his troops. It may also be important that Chang Chun-chiao and Chi Teng-kuei both hold senior posts in the Army.

Teng now seems unlikely to survive the campaign. However, the People's Daily in a recent editorial indicated that other officials who had errred might be welcomed back into the fold. This suggests that there is an effort to limit the campaign. The current leadership, as represented by the People's Daily, seems to have agreed to preserve the economic and social fabric from disruption by political activists, which is to be expected if its main objective was simply to oust Teng. But while a temporary compromise seems to have been arrived at, the future still looks very uncertain.

## MEN AND MATTERS

### Bottleneck at Brent Cross

minutes was the time it took to get from one side of the car park to the other," he complained.

The retailers, who have already got used to these problems and have complained to the management about them, have found their own solution. Some of them park in local side streets and walk the rest of the way—a trend which cannot please local residents.

### Travel agent?

Pakistan has never quite been the same tourist attraction as India, but plans are being considered which could alter that. Roedad Khan, Secretary to the Ministry of Tourism, says that his country may open tourist offices in London and Frankfurt within a year.

Khan points out that Pakistan has its fair share of the cultural and historical inheritance associated with the old India. The former Khyber Pass is in Pakistan, and so is Lahore—the centre of Kipling County. There are also centres of the Indus Valley civilisation while mountains and unspoilt scenery can be had in the disputed areas of Kashmir.

In Khan's view, therefore, Pakistan is falling down not on what it has to offer, but in the way it is selling it (or rather failing to). "We have got to get out and attract the tourists. It is not good sitting in Islamabad and waiting for tourists to roll up," he comments, and indeed the new holiday drive owes much to Khan himself. He is a Pathan in his early 50s who used to be in charge of information when General Yahya Khan was president of Pakistan.

Not surprisingly there was a certain amount of disenchantment among first-time visitors. One man remarked that he had been lured away from the TV only because his wife had said that it would take 20 minutes by car. "I wouldn't have dreamt coming if I had realised that 20 days," Khan was moved across now he has been elected pres-



### Glass boss

The U.K. glass industry has its own problems, ranging from conservatism, opposition to one-trip bottles and other disposable containers to harmonisation on EEC regulations, but it also shares problems with its fellow EEC glass producers. Since the U.K. joined the Common Market therefore the glass manufacturers have been represented on the Comité Permanent des Industries du Verre, which is the recognised body representing the entire glass industry within the EEC.

Vic Hender, managing director of United Glass, is the Glass Manufacturers Federation repre-

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*Observer*

# FINANCIAL TIMES SURVEY

Monday March 15th 1976

# Insurance Broking

Over the past few years insurance has come out of the shadows of several centuries. The public is now much better aware of how the industry functions. The insurance brokers — the middlemen — are no longer the faceless men of old.

It is a danger that people development of risk management in the U.K.

and insurance brokers as a means to arrange their motor and their life assurance. This is certainly true; there is much more to insurance broking industry.

Perkins, chairman of the largest broking association, Corporation of Insurance Brokers, pointed out at a Press conference that had a very wide range of interests and he listed the most important.

First was the international activities and the con-

cerns these make to the

of payments. London

an international

and reinsurance

for many decades. Much

overseas business that is

in London is placed by

indeed all business at

has to be placed by

brokers. Thus at the

end of insurance

the broker occupies a

second main area in

insurance brokers play a

part is with indus-

commercial clients.

Involves not only placing

insurance needs around

market, but helping to

new types of policies to

the changing needs of in-

advising and mini-

the risk within the oper-

ation of the client. Brokers

play a big part in the no check is made on his qualifi-

cations, expertise or financial that it can be used for house

British insurance industry has excess of £60m. a year is formidable. This does not really purchase.

Finally, there is the relationship of brokers with the private consumer in such areas as household insurance, motor in-

urance and life assurance. Mr. Perkins pointed out that this relationship underlined the broker's responsibility for selling insurance to the public.

Covering these areas of responsibility are some 8,000 to 9,000 companies and businesses calling themselves insurance brokers. They extend from the handful of companies at the top whose operations are world-wide, falling very much into the first two categories mentioned above, to the one-man insurance broker operating in a small provincial town involved in the third category dealing with insurance problems of individual clients.

Yet their functions are basically the same whatever the size of the client. It is simply to ascertain the insurance requirements of the client and then obtain the required insurance cover. To do this the broker will often have to undertake considerable in-depth research into the client's financial affairs in order to make the necessary insurance recommendations. He will also need to know the insurance market thoroughly so that he can carry out his client's wishes.

Yet at present anyone can set up as an insurance broker;

the no check is made on his qualifications.

area of supervision of brokers

and they will need and other insurance salesmen.

Any system of control should ensure that it does not stifle

considerable guidance as to this move is covered by a sep-

arate article in this survey. But responsibility

what contracts are best suited

for them, especially in life

it is a very complex area and it is essential for brokers operating get de jure freedom

assurance. This is an area likely to be some time before in a very competitive world

where it is all too easy to talk complete supervision is the market. The task of the Gov-

ernment is not easy, but in about the implications of such work, what services can be pro-

vided for the individual, and sources is one striking example

of clients being sold themselves with a minimum of power of insurance brokers.

the gullible into accepting any norm for the industry.

Given this policy, growth was natural, unforced and constant.

The first expansion came in 1811 when a Bowring trading

venture was set up in Newfoundland. To provide more

goods, we built ships. With ships we carried other men's

cargoes. Cargoes needed to be insured. Insurance

had to be underwritten. And since insurance is

only one aspect of a total financial picture, banking and financial services were added.

Today, this policy of service which led to

this extensive and continuous growth is still the reason behind the successful

operations of the Bowring Group of Companies. The invisible earnings

which have placed the Group high in The List of Leading

Companies.

In 1803, Benjamin Bowring opened a shop

in Exeter as a watchmaker, silversmith,

jeweller and engraver. From this one-

man enterprise has grown today's

multi-million pound organisation.

While the brokers have been the British Insurance Brokers concerned by the domestic and Council—so that the industry

European problems, the big can talk to the Government

their overseas operations con-

siderably, often in partnership

with local insurance companies

and agencies. The overseas mar-

ket probably remains the big

growth area of the future, as to

how a broker will place a large

especially in reinsurance. The emerging countries are estab-

Lloyd's syndicates. But I am

sure that they will be interested

to see how a broker will deal

with an individual client and

non-life. The insurance industry

cannot be acquired overnight.

U.K. insurance brokers operating overseas are

playing an important part in the

both the establishment and

training of the local industry

and personnel as well as in

arranging the necessary re-

insurance facilities which the

local industry require. Brokers

are certainly benefiting from

the return of North American

business to the London market

which was lost during the pre-

mium cutting war of a few years

ago.

Now that the public is becoming

more aware of the functions of

the insurance broker, it is

possibly an opportune time for

the insurance broking organisa-

tions themselves. The constant

shifts in the requirements of

insurance at all levels big and

small are likely to enhance the

role of brokers in the growth

of the insurance industry. The

member countries are unhappy about

themselves, how they growth of offshore explorations

and production of energy

sources is one striking example

where brokers have played a

large part in the develop-

ment of a new insurance field.

have formed a joint council. There are likely to be others.

## Time to encourage the public at large

By Eric Short, Insurance Correspondent

## Ours is a one-word history...progress

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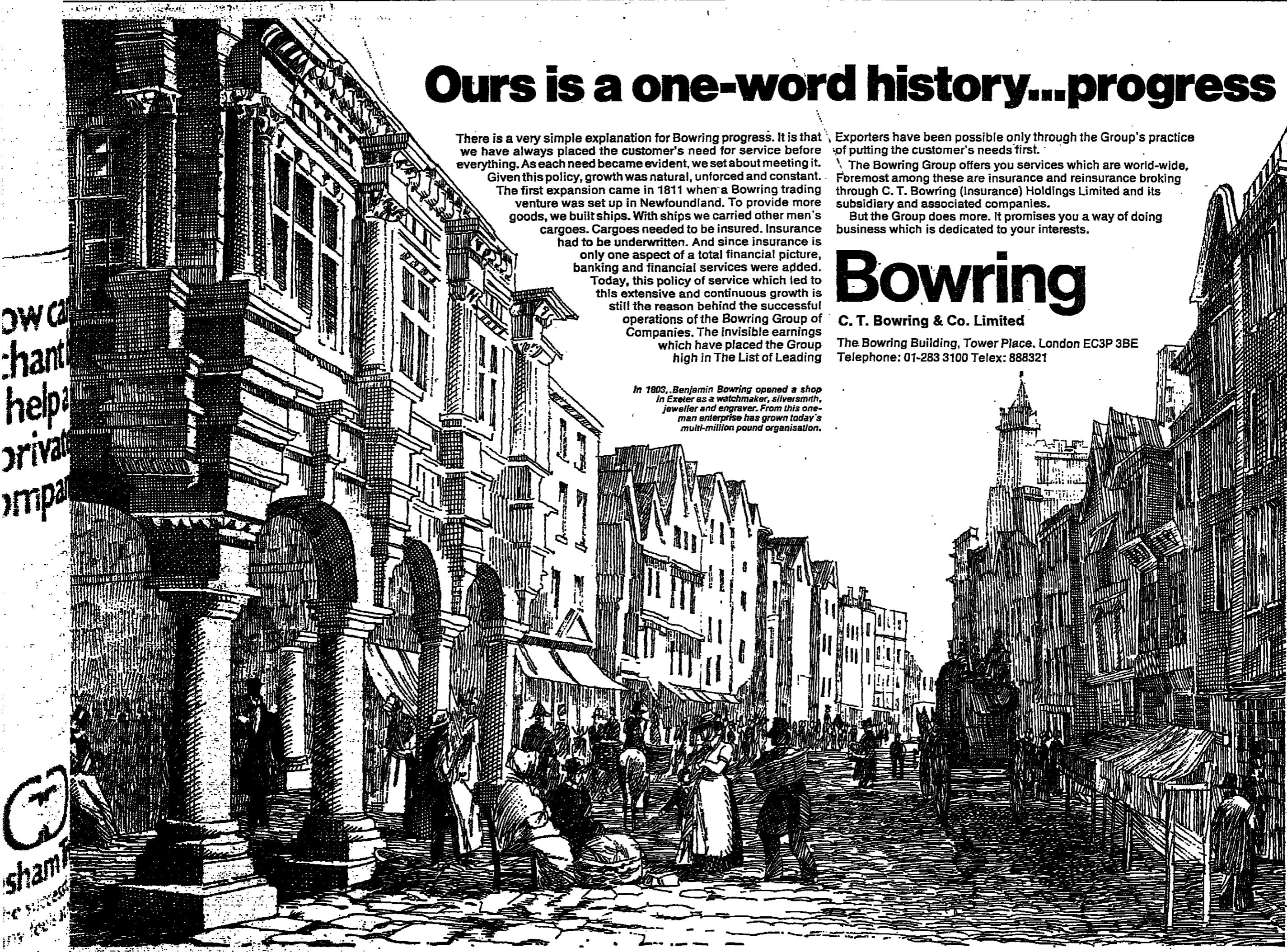
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## Towards wider supervision

PEOPLE IN THE insurance marketing business often say or proof of financial solvency that insurance is sold not is required for anyone operating bought. Although this is frequently used as justification for the people involved will be high pressure sales of life giving advice on a subject that assurance contracts, there is a lot of truth in this adage, at least as far as the general public concerned. Insurance normally does not arouse more than a considerable number of insurance companies. Such a lack of control seems amazing in this current era of large-scale consumer purchase. It is made even worse by the fact that anyone can call themselves an insurance broker, thereby assuming in the eyes of the gullible public an aura of expert knowledge and complete infallibility.

In these circumstances, the insurance marketing industry has grown over the years to a considerable size, but the growth has been rather haphazard. Thus we find a whole spectrum of organisations from the large broking companies and the insurance companies' direct sales staff, down to the part-time insurance agent whose objective is to advise on and arrange insurance contracts, both private and corporate.

The reaction was the formation, in January, of a joint body — The British Insurance Brokers Council — which submitted a reply on behalf of all four

concern in the past about the bodies to Mr. Shore's request.

No qualifications, experience lack of control, but because of This represented the insurance brokers (there are four main insurance broking organisations about matters pertinent to its and some minor ones as well) methods of operations. Other professions have found it much more effective to present its concern regarding the position.

Then the brokers discovered a cohesion previously lacking.

Last May, Mr. Peter Shore, Secretary of State for Trade, wrote to each of these four main associations: The Corporation of Insurance Brokers, the Association of Insurance Brokers, the Federation of Insurance Brokers and Lloyd's Insurance Brokers Association. He asked them for their views on regulation and supervision as an alternative to Government-imposed licensing of insurance brokers.

The reaction was the formation, in January, of a joint body — The British Insurance Brokers Council — which submitted a reply on behalf of all four

Government, after hammering out their differences behind closed doors.

Although the details contained in this submission of the new Brokers' council have not been officially published, it is believed that they set out various financial and experience requirements in order for an individual or company to use a proposed new title — Registered Insurance Broker. The suggestion is that the capital of any organisation trading as an insurance broker should have capital of at least £1,000 and that the directors or partners should have at least three to five years experience.

The brokers naturally want a self-regulation system operated by themselves, not only from self-interest, but because they

sincerely believe that such a insurance selling. The system would be to the long-term advantage of the general public. They feel that any system of Government licensing power to do nothing, will tend to stifle the fair and a broker does not need enterprise necessary for successful broking operation.

The big question is whether the answer to this is that these proposals would go far enough to successfully control the profession. It is believed just for brokers, but that the Department of Trade persons involved in a do not think that they will insurance, together with are having further talks backing from the Government, after hammering out their differences behind closed doors.

With the brokers' submission means whereby someone is barred from being a Registered Insurance Broker, the public will know that they are dealing with a himself an insurance person who not only has the or some even more necessary technical expertise to handle insurance matters, but

is of the highest integrity, has sufficient capital backing and will be severely punished professionally if he steps out of line.

The above proposals as understood so far are not likely to achieve complete control of the profession. It should not be too difficult to ensure expertise, both theoretical and practical. It should also be possible to impose a minimum level of receive on each insurance capital required and minimum indemnity insurance limits that will ensure financial stability. The fringe operators without making too onerous a burden on the individual. The crux of the matter will be in their intentions. It could then always be imposed very severe penalties on anyone found guilty of professional misconduct. This needs machinery to handle and investigate complaints against brokers and a body which would judge the case and have power to impose penalties, including the ultimate of expulsion from the profession.

The other step is it to have this arrangement, not only doctors and solicitors, but accountants, actuaries, and other lesser-known professionals. But insurance broking is rather different, because it is only one means of marketing insurance. The present broking organisations have their own regulatory standards and discipline members who step out of line. But these organisations cover about 3,000 of the 8,000 or 9,000 broking offices in the U.K. (the exact number is not known). Eric

## Growth of reinsurance

REINSURANCE has emerged interests, whether a subsidiary reinsurers: here the broker can to bear fruit because of the over the last few years as perhaps the clearest growth area in kept entirely separate from the rest of the organisation's insurance business. This is because of the very specialist skills which are required in reinsurance, but are not generally needed in the more traditional areas of insurance.

What is reinsurance? It is a direct development of the first basic principle of insurance, that is reducing a risk by spreading it. Nobody will willingly carry the full liability for a large financial risk entirely on their own shoulders if the opportunity is there for them to share it with someone else, and this applies not only to insures but also to insurers.

When insurers, whether companies or underwriting syndicates, take on risks they have to decide how much of a particular risk they are prepared to provide cover for. This decision will depend on several factors, the most relevant of which will probably be the size of the risk in relation to the insurer's own financial position. The insurer sets what is called a retention level and any cover required over and above this he will reinsure elsewhere.

Reinsurance generally fall into two categories, they are either insurers who handle reinsurance along with their other more traditional insurance business, or they are subsidiary companies of larger insurance organisations which specialize entirely in reinsurance. There are no publicly quoted reinsurance companies in the U.K.

In either of the aforementioned cases, the reinsurance

reinsurer can play a very useful role as a greater technical service required when dealing with the co-ordinator.

As with the traditional insurance broker, the reinsurance broker's basic function is to place the business at the maximum cover, for the broker owes a great deal of his minimum cost, with adequate security. However, beyond that the reinsurance broker becomes a much more sophisticated animal. He has to maintain close contact with the people who are likely to require reinsurance and those who can provide it and this contact often spans the globe.

What does seem clear though is that the U.K. reinsurance market is increasing activity to the fact

that London, as with general insurance, is the world's leading insurance market. London's dominance of this field can be judged by the fact many leading overseas broking firms have established offices in London so that they too can deal through this market.

One type of business which appears to stem entirely from London's leading position in this field is that of reciprocal exchange. If a foreign company wished to offer its reinsurance business throughout the world, in the hope of getting back good business in return, it can do so

through a clearing house arrangement in London. Indeed this is one area of reinsurance where many brokers claim that their services are indispensable.

There has been some concern in the reinsurance sector lately that London's position as the main world market could be threatened by the falling pound, the currently weak economic climate, and competition from other advanced industrialised countries. If London were to lose ground here the growth prospects of many U.K. brokers would be seriously affected.

However, these fears so far are only slight. London does after all have many points in its favour, not least of which is the vast experience it has acquired over a long history as the world insurance leader.

Moreover, the presence of Lloyd's, which derives at least 50 per cent of its premium income from reinsurance, must enhance its chances of hanging on to its position, which is just as well really since reinsurance is one of the U.K.'s major sources of invisible earnings.

Tom Kyte

## Involvement overseas

INSURANCE broking is an international industry in two important and distinct ways — first, via the inflow of business into London-based operations, and in particular the connection with Lloyd's; and secondly, via the growth of overseas offshoots involved primarily in local markets but also acting as a channel for the passing back of underwriting to the London market.

The Lloyd's operations were predominant in this context until the late 1950s but since then the leading brokers have been expanding their representation overseas. This was initially mainly in the old Commonwealth but more recently has been noticeable on the Continent, in the Far East and in South America.

The result is that at present probably around 60 per cent of brokerage income is in non-sterling currencies. In a recent review brokers J. and A. Scrimgeour estimated that in 1974 the proportion was as high as 78 per cent non-sterling for Minet and around 65 per cent for large groups like C. E. Heath, Howden, and Sedgwick Forbes, with only Hogg Robinson and Leslie and Godwin dependent on the pound for over half their brokerage income.

Moreover, brokers have been allowed under a Bank of England concession to retain their brokerage income in dollars for six months before converting it into sterling — a not inconsiderable advantage at a time when the pound is falling rapidly. Although the impact depends on the sale of dollars throughout the year, a new review from brokers Sheppards is most important for the non-sterling business party ac-

counts for the rapid rate of increase in income in recent years—not only because of the underlying expansion in premiums flowing to London or arising overseas, but also of course because of the impact of the decline in sterling.

Between 1972 and 1974, for example, brokerage income rose by 45 per cent, and the recent average annual growth rate of 20 per cent or so compares with 17 per cent during the last decade as a whole. Currency fluctuations, which had a lesser influence in 1973 and 1974 than in the 24 per cent rise in 1972, again played an important role last year. After all, the sterling/dollar parity fell from \$2.35 to \$2.02 during 1975 and the dollar is by far the most important currency the brokers handle—around a half of the net inflow to Lloyd's, and a similar percentage of average brokerage revenue.

Moreover, brokers have been allowed under a Bank of England concession to retain their brokerage income in dollars for six months before converting it into sterling — a not inconsiderable advantage at a time when the pound is falling rapidly. Although the impact depends on the sale of dollars throughout the year, a new review from brokers Sheppards is most important for the non-sterling business party ac-

counts for the rapid rate of increase in income in recent years—not only because of the underlying expansion in premiums flowing to London or arising overseas, but also of course because of the impact of the decline in sterling.

Taking into account changes in other parties, especially the devaluation of the S. African rand, the net increase in the sterling value of a given volume of brokerage was probably around 6 per cent last year. So assuming the maintenance of expenses as a proportion of local currency income, this would increase profits by around a fifth on the Sheppards and Chase figures, for U.K. based international operations.

After also taking account of the impact on overseas earned profits, the overall effect of exchange rate changes last year was probably a rise of about 18 per cent in sterling profits on an unchanged volume of brokerage income. But of course the latter did change—and was increasing sharply—so that total industry income is likely to have jumped by slightly under 30 per cent in sterling terms.

Profit may have been about 40 per cent higher, with exchange rate factors accounting for about half. The exchange rate influence from brokers Sheppards is most important for the non-sterling business party ac-

Just this once  
please read  
the small prin



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So, having discussed good brokers in general, let's talk about good brokers in particular. Here's a very short list of them:

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## INSURANCE BROKING III

# Offshore accidents a cause for concern

It has not been a happy hand, and the underwriting fraternity on the other. The market for oil and gas industry insurance is again subdivided, the 19,000-ton Deep Driller divided into two categories, Driller rig, owned by those of material damage and 1 of Bergen, ran aground liability insurance. The first of Sengen while being towed these categories covers the cost for repairs. In such a drilling unit and all support gear winds, one support craft, cover which is usually taken out by the contractor em-drilling structure swept away by the oil company.

The cost is human life. The example of the Deep Sea Driller illustrates the need for such cover, but apart from damage to the rig itself, there is the possibility that the rig could slip from its moorings, causing havoc with adjacent structures.

It was the second major rig and shipping. In addition, it hit the Norwegian rig and shipping. In addition, three workers died rigs can travel to various parts of the world, some sort of cover, following an ex-mobilisation cover is also available, while the rig is in transit, operated by the ship's crew.

The liability insurance side of things is concerned with liability to third parties, and to people employed on the rigs and support operations, taking into account the normal employers' liability and workmen's compensation. Until recently, drilling operations in the North Sea did not come under U.K. liability insurance law, although Transocean III last year made a \$16.4m claim—these oil companies nevertheless met liability obligations. But last must focus attention on September new regulations were issued, requiring cover particularly now that to be obtained of up to £2m. The Sea, for example, is against claims stemming from an explosion to personal injury, resulting from work on or from offshore installations.

The insurance broker is closely involved with the design of the insurance package which, by its nature, has to cover the entire spectrum of the project in question. Because the risk is extremely large, it has to be spread among a whole host of underwriters, with leading underwriters taking perhaps 3.5 per cent of the risks themselves, but often reinsuring a portion of this, while excess exemptions by the underwriters may leave an actual excess loss to be covered by specialist insurers.

The participants are involved at every stage of the project. The risks attached to the fabrication, towing and siting of installations are assessed separately by the underwriters and other material factors, such as the weather conditions of the contractors on the one hand and site and water depths,

are taken into account before prompt a constant revision of may be in jeopardy. This premiums are aggregated to values and secondly the problem is presumably felt most frequent changes of developers' activity by the smaller oil or

At every stage, the specifications must meet those laid down by the Department of Energy concerned.

But the problem which comes into play is that of degree, and in the face of the Offshore Services Group and insurance capacity.

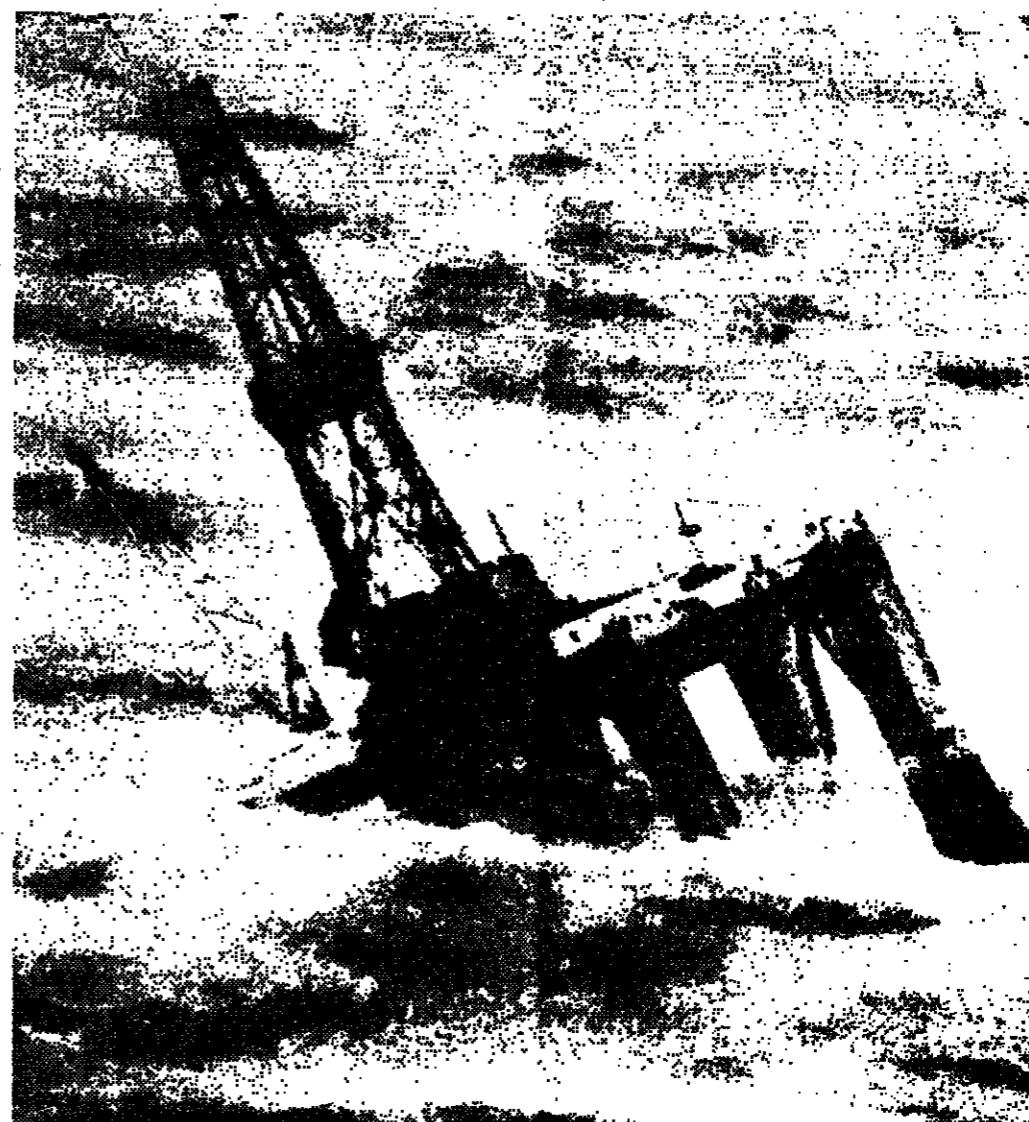
The very recent string of accidents there Norske Veritas of Norway have rapid expansion of the oil must be some limit to the amount of capacity the industry can provide.

The pace of offshore activity, to oversee these specifications, in the shallow waters of the at least in Europe, has certainly slowed. The number of rigs undertaken an examination of the 50 existing rigs and production platforms in the U.K. sector of the North Sea last summer. In one area, however, capacity of the insurance industry has already dramatically, foreshadowing a surplus of rigs and sites in Europe. But oil discoveries are still being made (as in the case of Ranger Oil this month), the fifth round of U.K. sector licences is looming on the horizon, and the technological shift into sub-sea completion and floating platforms (at Brent, Beryl and Magnus) is a further catalyst in the future development of offshore insurance markets.

Noble Denton are called in by the oil companies to track the towing out and positioning of a

## Generate

Terry Wilkinson



The Norwegian oil rig Deep Sea Driller aground off Western Norway at the beginning of this month.



## Overseas

CONTINUED FROM PREVIOUS PAGE.

based international valuation of the Rand on the basis of South African interests receive the full benefit. The U.S. is still, however, the major market outside the U.K. are not similarly (and among the companies involved) affected, since the expenses for this are C. E. Heath, Minet, Sedgwick and Stenhouse. This side, especially brokers generally. The of Lloyd's is discussed here in this survey, but a of especial importance he last 18 months has been much greater flow of from the U.S. This trend is not surprising at the current phase of underwriting cycle; it has accentuated this time by severity of the problems of insurance industry and consulting tightening in. This has led to a range of not only direct but also reinsurance U.S. underwriters.

An increase in flow of across the Atlantic this year and indeed the possibility of testing capacity of London to a extent: the latest record new names into Lloyd's membership may only allow the to keep up with inflation view. Lloyd's of course, South Africa, while Minet and Sedgwick have the biggest stake in Australia.

Expansion on the Continent has been delayed by various local restrictions, but a number of moves have been made in this direction during the last few years. For example, C. E. Heath has reinsurance broking companies in the Netherlands and Italy with local associates, while its link with a leading Chicago broker also takes Heath into insurance markets in Japan, Korea and South America. Hogg Robinson is active in Latin America throughout the Continent, and is gaining from dollar income from various overseas operations, and these may have accounted for of the total in 1974. Current fluctuations are less significant since costs are also rising in many countries, and these may have been partly Kenya, Zambia and Malawi, as well as South Africa.

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## INSURANCE BROKING IV

## Clearing banks widen their service

THE EXTENSION of the range of services offered by the big banks into the field of insurance over the past ten years or so has already brought them to a point where they represent an important force in the market, particularly in relation to the personal sector. Their continuing development is likely to take them increasingly into the business of providing insurance broking services for the small and medium-sized companies, and ultimately into competition even for the big business.

Their participation in the market has brought some biting criticism for some sectors of the industry, based mainly on the arguments against the combination of insurance advice with other services including particularly banking. From the point of view of the banks, however, there is no doubt that the development is an entirely logical move into a financial advisory service which complements the other aspects of banking. Indeed, the basis of the insurance business and the relationships with customers which it involves were already there years ago in the advice offered by many branch managers individually before the banks set it up on an organised basis.

## Tradition

The banks have been able to build on this tradition in recent years, as part of their general programme of making more effective use of their branch networks. With their nationwide coverage, the big banks have an unequalled asset as a marketing tool for all kinds of financial services. The heavy increases in the cost of running the branches, moreover, have given them every incentive to make use of this asset in as many ways as possible.

The development of the banks' insurance activities, however, may also be seen as a banks in a position to offer symptom of the ways in which a comprehensive insurance service to the market itself has changed in recent years. A range of insurance products has been developed which could not have been foreseen even a decade ago, including tax planning and investment. At Lloyds, indeed, the emphasis on insurance services is opposed to simple protection and organised specifically in the greater concentration on pack-

age areas such as estate planning, building and contents insurance, travel and short-term life cover which the manager is able to sell across the counter. At Midland, managers are able to deal with the smaller with-profits life policies but not with non-profit risks. In general, however, the picture is that the bulk of the insurance business, and particularly any large or complex deals, will be passed on to the specialists.

The amount of discretion allowed to local managers also differs among the banks. In some cases, such as Barclays, the banks have designed packages covering areas such as economic climate and legislation, in spite of combination, have changed all of that, and almost everyone is now well-advised to examine his own financial circumstances.

CTT, the replacement tax for estate duty, is a real horror for a far greater number of people than its predecessor; it covers a wider band and the opportunities to escape or take avoiding action are few indeed. It is a tax that threatens, in particular, the family business, and it is widely predicted that a great many small firms will be closing down due to the tax burden when the business is to be passed from one generation to another.

It is doubtful whether the full implications of Capital Transfer Tax have yet dawned on the general public, however, since the designers of the tax have written in a 'relief to the effect that tax does not arise when capital passes on the death of the husband to the surviving wife. The belief that the spouse is thus spared any under fire from inflation. The anxiety during her lifetime has

of the banks has arisen not over the quality of the advice they provide, but over certain areas where critics maintain that they face potential conflicts. One point which is raised concerns the relationship between the banks' insurance advisory services and the other activities in which they are involved, and the possibility that customers could be pressurised into using the insurance division.

The separation of the insurance activities from banking in the focal point of the service and the main point of contact with the customer; the local manager is still the man who has the confidence of his clients. But in all the big banks he is now backed up by a specialist organisation staffed not by bankers but by people drawn from the insurance industry and able to cope with the greater complexities of advising on insurance matters. The organisation varies among the banks: National Westminster, for example, has centralised its insurance staff in Bristol whereas the other big three banks have retained a decentralised operation with insurance advisers in each of their regional centres.

IT WOULD probably be fair to say that "financial planning" was no action at all to preserve the estate for the children or other beneficiaries. The attitude, quite unwisely, appears to be to let the children worry about the tax themselves.

The average insurance broker firm, with a personal financial planning department, can in fact achieve quite a lot. Life assurance is probably the only mechanism left where it is possible to fund efficiently for tax. In other words, if the tax has to be paid then it is a question of providing for it when it comes.

## Studies

The good insurance brokers have already made detailed studies of the new CTT laws and it is not an idle claim that with the correct advice, and simply by using the various exemptions to the maximum, it is possible to generate sufficient liquid funds on a sizeable estate to meet the liability during one's lifetime.

Of course, not everyone is obsessed with the idea of preserving an estate. Some are in the far more parsious state of hating to face an income that is under fire from inflation. The anxiety during her lifetime has

banking and insurance broking ensure that the advice they give must be independent and objective.

Similar considerations apply in relation to the establishment of links with individual insurance companies. Attitudes differ in this area, with some banks preferring to avoid this type of connection but others making use of a number of named companies—in relation, for example, to the various packages offered by a Prudential

subsidiary the investment of National Westminster is the savings would be linked only one of the big four banks with the Midland group's own which has no life company of personal life side, where perhaps their most obvious role lies, and in the field of general insurance, where the Big Four now have at least half of their provision of independent business. They have already developed extensively into the provision of similar services for the professional and small and medium-sized commercial customers which the banks have not yet reached this stage, and the extent of the nature of the sent activities has not been into direct competition with the big brokers; i.e. the type of business on the banks have tended to concentrate, mainly, on smaller insurance needs, not to welcome to the big Given the considerable resources which the banks have in marketing insurance, however, there is little that they will move further into the insurance business occupy an increasingly taut position in the market.

Michael Biss

## Careful planning pays off

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had the effect of people taking to the to generate sufficient income to still obtain tax relief. Quite the estate is discussed. It would be quite unrealistic to cut the come from capital to live on. Again, life assurance and the brokers are currently doing a roaring trade before legislation

is introduced. The insurance brokers only sold insurance and that there is no solution to every problem would be to sell another policy.

Nowadays, insurance brokers can provide everything from investment advice to pension advice, tax advice to, of course, insurance portfolio advice.

In the past people have tended to separate these various facets of financial planning. A stockbroker for the investment, or merchant banker for the really wealthy: an accountant for the legal and so on. The major brokers, having now set up financial planning departments, are now capable of drawing the whole thing together and not necessarily to take out contracts which are to the exclusion of the other professions.

Most brokers actually encourage the family accountant or solicitor to be present when

people turned on their accountants; stockbrokers and bankers alike.

That a great many brokers is not in question: the insurance broking was not without sign that Anthony Gibbs shed

that half of its staff personal financial service to match the drop in demand.

Conditions have clearly improved. But the threat to the insurance industry that could result in deterioration of service

customer. Later on the range of commission charges is widely expected that a of medium-sized brokers forced out of business change. The larger brokers survive comfortably because their wider range and it that the wealthier client is well serviced. At the end of the scale, it is that the small, one-man

firm will survive other end of the scale.

And it is in the middle of customers that the market has been caused.

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## Protection for the consumer

GIVEN THE complex structure about £2 to as high as £200.

On the other hand there are those brokers that feel the new scale of commissions will encourage a swing to more expensive short-term policies where the premiums would be higher and, of course, the commissions that are much more favourable to the broker. Moreover it is felt that the small to medium-sized broker could be forced out of business, with some estimates putting the shortfall in life commissions as high as 30 per cent.

The fact that it has been necessary to make some amendments to life policy commission rates tend to suggest that brokers pay little attention to their clients' needs with their main aim to get the highest possible reward. It is a pity that the efforts of a few less respectable brokers has given rise to this general impression.

The more conscientious broker pays great attention to the value clients place on his work. As such he would be prepared to offer his services on all matters of insurance, including advice on claims procedures, even if the commission on that particular policy was minimal.

The object here is that if the client is pleased with the service it could lead to more profitable forms of insurance.

While at the same time the client would be more likely to recommend his broker.

The cost factor, of course, is an escalating problem, and this must always be at the back of the broker's mind when determining just what service he can give his client. The position must be more acute for the smaller provincial broker since there tends to be more routine work involved here, although they do appear to have one or two advantages over their larger London counterparts. If the provincial broker is fully qualified he is able to give a complete service, and since they are invariably equity owners there is more incentive to give that little extra.

Within reason, then, the bulk of the more professional brokers are giving customers a fairly comprehensive service, but given that escalating costs could quickly erode the quality of that service it is as well that the Government is now taking an active interest in the sector with a view to protecting the consumer.

David Wright



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See me later

## INSURANCE BROKING V

# Lloyd's retains its hold

LLOYD'S BROKERS are the marketing arm for underwriters at Lloyd's. Business comes to the underwriters. In some cases, the Lloyd's market only through position is being reached where those brokers approved by the underwriters at Lloyd's are seen.

Committees of Lloyd's. Thus business which they lost in the past, and now have the opportunity to write at what underwriters are dependent on the "business-getting" abilities of Lloyd's brokers.

It should not be thought, however, that Lloyd's brokers place business exclusively in the back of their minds. A few classes of business are handled there, as they would like. Part of the And of course, for the larger system which has made Lloyd's risks, the participation of major reknowned for security through insurance companies is also out the world is a limitation on needed. Many companies in the premium income which can be written related to the security business through brokers in available to individual syndicates much the same way as Lloyd's in the form of deposits, etc. underwriters.

When thinking of competition in insurance (and there has been plenty of that in recent years), one advantage of the Lloyd's market is the fact that city "sterling premiums have increased sharply—for a variety of reasons. First, due to poor underwriting experience in certain parts of the world, increases in premium have been levied.

Secondly, inflation has had the effect of increasing many property values and indemnity limits under liability policies.

Naturally, these increases have resulted in higher premiums being paid.

Thirdly, the depreciation of sterling has affected Lloyd's underwriters. Since a large proportion of the market's business comes from overseas and premiums are converted into sterling.

Underwriters at Lloyd's aim to write business with a view to making an underwriting profit, and not simply to generate premium income in the hope of making investment profits even if there is an underwriting loss.

## Competition

In recent years, this has meant that, with intense competition on a world-wide basis, on many occasions underwriters have been prepared to see business go elsewhere, rather than write it at what they feel to be uneconomic rates of premium. When this situation arises, the Lloyd's brokers, having complete freedom to place business where they like, may sometimes use other world markets.

On the other hand, for really large risks, such as the major world fleets, the percentage of the risk which a Lloyd's broker is asked to place may be reduced, with brokers in other parts of the world placing a larger proportion that with outward reinsurance.

Traditionally, Lloyd's has been something of a "high risk" market, with underwriters being prepared to quote for risks for which there may have been little or no experience—and which many other insurers would prefer to leave well alone. A good example of this is the insurance connected with offshore drilling and pre-

vious year, there is a marked in-

duction in the North Sea.

In its early days, this business was unprofitable; but underwriters at Lloyd's, with heavy risks—and for which there may be little or no past experience, decided to persevere. The business was put so many occasions, experience on a profitable footing, and in insurance has to be "bought" plenty of competition, has—in the form of claim payments. So as not to over-expose any one syndicate or company, a number of syndicates (and, perhaps companies as well) may each write a modest line, in the hope of being able to acquire a reasonably wide spread of the new form of insurance, so as to gain experience.

For instance, one broker arranged a facility, providing cover of up to £500,000, for a new form of legal liability insurance—to protect industrial and commercial companies against legal claims made against them for damage or compensation in respect of infringement of patent, designs, trade mark, trade names, copyright or passing off in connection with any article, product, commodity or thing sold or supplied. In due course, this may become a recognised class of liability insurance.

Underwriters at Lloyd's always are anxious to acquire more "small premium" business

—house, car and other personal insurances—since these provide for flexibility. Lloyd's brokers, therefore, will put together insurance coverage so as to meet the needs of specific clients. Naturally, there can be no set pattern to this, since to some extent each contract depends on individual requirements.

Apart from devising new forms of cover to meet specific needs, Lloyd's brokers can often see a need for a new form of insurance and are prepared to see how such insurance can be written and developed.

Sometimes, a broker with particular expertise in a certain field may arrange facilities in the Lloyd's market which can then be used by other Lloyd's brokers on behalf of their clients.

Naturally, if an underwriter at Lloyd's has an idea for a new form of insurance, this is likely to be developed in conjunction with brokers, since it is the latter who will be in touch with clients, and who will be able to suggest modifications from the marketing point of view.

John Gazelee

# Shares recover

AFTER AN unaccustomed fall unique untouched by the inflation problems that damage from grace in 1974, shares of insurance brokers surged back most other industrial and financial companies, for their income sector rising by 196 per cent. is almost automatically increased in line with insurable values, and they employ comparatively little capital which could be eroded.

Stock market fans of the sector sometimes even argue that the continued depreciation of sterling on the foreign exchanges is to the benefit of the sector. This may be something of an illusion, for one year's windfall gain from devaluation—many brokers earn more than half their revenue abroad, and can hold brokerage for up to six months overseas—is likely to be followed by a bad year for sterling costs, but the rapid decline of the pound in the last 12 months—especially against the dollar, which is a very important currency for London-based brokers—has certainly played a prominent part in the recent recovery in the sector's stock market atom.

A number of reasons can be advanced for the high rating of insurance broking shares. They make up, for instance, a relatively small and tightly held sector which has an enthusiastic specialist following. And the quoted broking firms suffer from few of the drawbacks of the general run of industrial and commercial companies; there are no labour problems to speak of, while inflation and devaluation can almost be turned to positive advantage.

But the most obvious characteristic of the insurance brokers is their ability to provide reliable earnings growth. In a period of two or three years in which most of the one-time glamour stocks—from Tesco to Rank Organisation—have blotted their growth records, the insurance brokers have in most cases kept on growing.

In both 1972 and 1973 the average pre-tax profits growth for the large quoted insurance brokers was close to 30 per cent., and while 1974 was a mediocre year for them by normal standards, they still chalked up an improvement of around 14 per cent. Although few figures relating to 1975 have yet been published, growth is certain to have accelerated again—Alexander Howden's pre-tax profits were up by a third, Sedgwick Forber by 21 per cent. In 1976 a further advance is indicated, although growth may ease off a little.

A good deal of this growth, of course, simply reflects inflation. Insurance brokers are almost

from the brokers' connection from the 54p at which HS shares had been quoted at the start of the year. Subsequently Howden had bought the unquoted like C. E. Heath and Hogg Robinson is on a sharply Beck. It would not be surprising to see further bid activity in the sector in the course of 1978. There has recently been speculative activity in the shares of Leslie and Godwin, for instance.

Among the individual companies the largest, like Minet and Sedgwick Forbes, continue to hold high ratings, although Howden has been held back somewhat by doubts about whether it can sustain its recent high growth rate, and by the impact of new shares issued in mergers. Sedgwick was optimistic in its recent report for 1975, suggesting that the full benefits of the 1972 merger were at last coming through.

## Exposure

Despite their exposure to Lloyd's underwriting C. E. Heath and Hogg Robinson have tended to be good market performers, perhaps because agency income is anyway less important for them (especially in Heath's case) than it used to be.

Matthews Wrightson and Stenhouse tend to be held back by their diversifications, in the former case into areas like shipbroking which has turned very dull, and in the latter into unexciting industrial activities. But both these two offer highish yields.

C. T. Bowring is a former giant of the sector which diversified into other financial areas including banking and instalment credit at an important time. Its shares have rallied over the past year, but its price remains a long way below its one-time peak, although the insurance brokers sector index is little more than a tenth below its late 1972 all-time high.

Stockbrokers specialising in the sector, notably Sheppards and Chase and Kitcat and Aitken, remain long-term bulls, but are slightly nervous about some of the ratings. Scrimgeour, Halford Shead, for which it paid some 315p a share, a far cry.

Barry Riley

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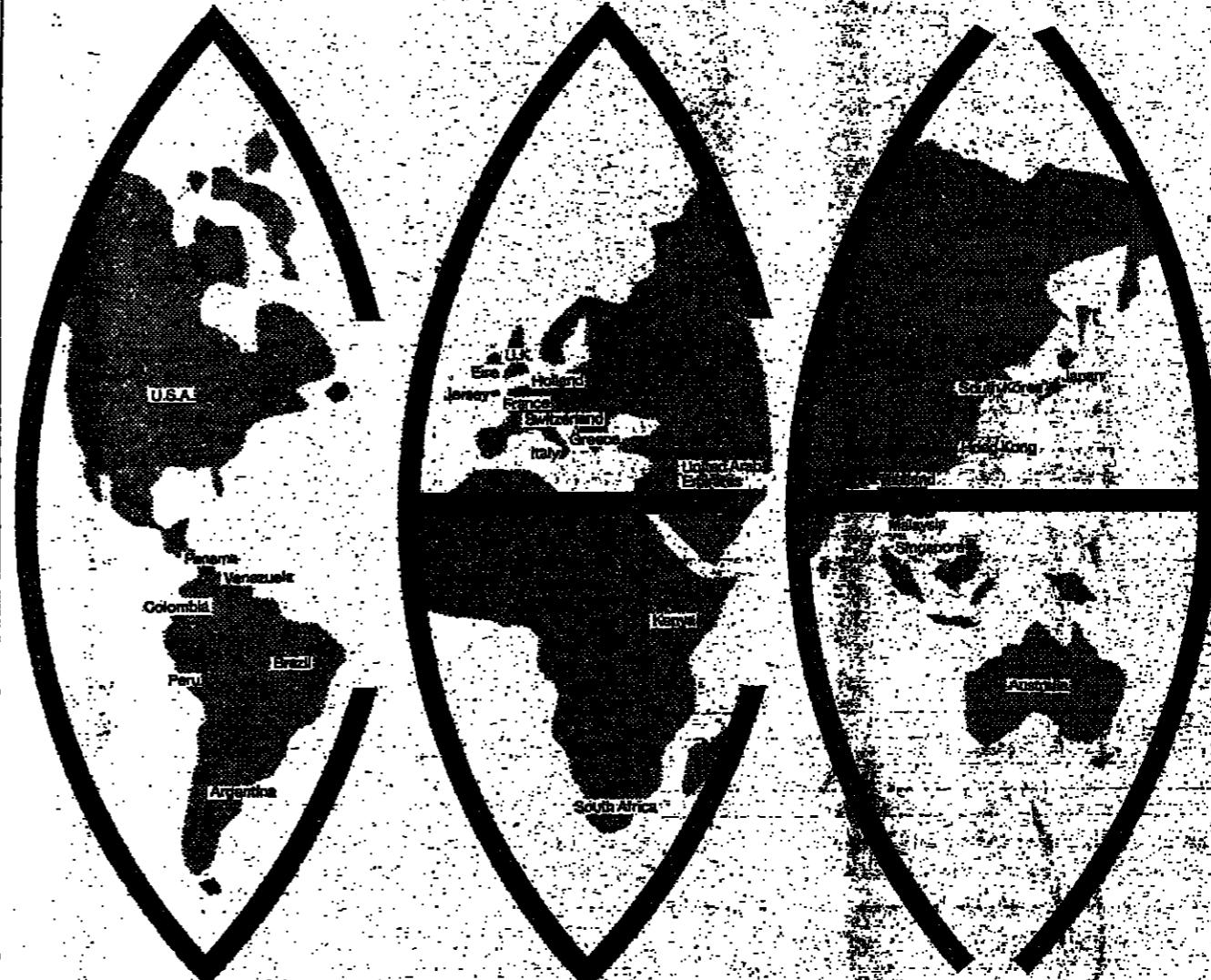
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## INSURANCE BROKING VII

## Credit insurance aids export drive

FAR AND away the greatest proportion of insurance cover on money advanced to support exports is undertaken through the Government-sponsored Export Credit Guarantee Department and ECGD rarely admits publicly to the use of outside agents as a means of advancing its levels of business. Nonetheless it is no secret that a number of insurance brokers do operate very successfully in this market. Hogg Robinson—with perhaps a third of the broker market in this class of business—heads the field but among the larger operators such names as Sedgwick Forbes, Glanvill Enthoven and Wills Faber Dumas figure prominently.

In January, 1973, ECGD laid down some fairly stringent guidelines as to who could and who could not operate through the Department and still receive a fee (brokerage). Until that time there were hundreds of insurance brokers—ranging from the giants to very modest firms—supplying the ECGD with client money. The number of brokers bearing the ECGD seal of approval is now limited to perhaps a dozen; all brokers can still place business with the ECGD but only the "official traders" receive brokerage and therefore operate profitably.

Siz was one of the more important ingredients that determined this short list, and brokers need to have at least £75,000 worth of premium income with the ECGD to qualify. The ECGD assists exporters of both goods and services in two basic ways. First it insures them against the risk of not being paid, whether through default of the buyer or, through shown by insurance brokers as strongly to credit insurance. Other causes—restrictions on the transfer of currency, for last year's tighter rein on the he (a) professionally presented, example, or the cancellation of number of brokers who are (b) contracted via negotiation

allowed to operate profitably and (c) serviced thereafter with ECGD. Elsewhere, the growth of ECGD lies with the changing condition of the world as an open market place. Trading patterns have changed radically since before the war with the U.K.'s sellers' market for goods in and around the Commonwealth giving way to what is these days essentially a buyers' market. At the same time the terms of export payment have moved steadily from cash to credit—and often to long-term credit, and at a time when inflation rates are running at high levels. This has meant that exporters, with overseas accounts at risk for much longer periods, have been obliged to have ever larger amounts of money outstanding.

But perhaps the most important driving force behind the growth of ECGD has been the sheer good value of the Department's cover. Lately the private sector credit organisations have been nibbling away at the ECGD's dominant position—and in the two years to 1973-74 the proportion of U.K. exports insured by the ECGD declined from 36 per cent to around a third—but even to-day insurance cover with the Department secures for exporters bank finance at very attractive rates.

Credit insurance in this country adds up to around £1bn. A good part of turnover for a company like Hogg Robinson, whose insurance principles and handles more credit insurance involves no expense to the taxpayer. But it is basically non-profit orientated, and in this respect it can sometimes clash with the commercial enterprise Hogg Robinson these apply just categories. And according to fault of the buyer or, through shown by insurance brokers as strongly to credit insurance. Other causes—restrictions on the transfer of currency, for last year's tighter rein on the he (a) professionally presented, example, or the cancellation of number of brokers who are (b) contracted via negotiation

## Attractive

To begin with ECGD has over recent years made credit insurance an attractive proposition. It has progressively widened the terms of its insurance at both the level of risk covered and the percentage of the overall loss repaid. At the same time, the Department has kept premiums down to a level needed to keep ECGD solvent—subsidiary in this field—Credit ECGD operates on normal Insurance Association—probably insurance principles and handles more credit insurance involves no expense to the taxpayer. But it is basically non-profit orientated, and in this respect it can sometimes clash with the commercial enterprise Hogg Robinson these apply just categories. And according to fault of the buyer or, through shown by insurance brokers as strongly to credit insurance. Other causes—restrictions on the transfer of currency, for last year's tighter rein on the he (a) professionally presented, example, or the cancellation of number of brokers who are (b) contracted via negotiation

Jeffrey Brown

## New life policy rules may help buyers

THE SUBJECT of commission an incentive to sell the right to the needs of the consumer is the potential policyholder. There is something to be said on behalf of the opposition to the new premium-related commission scale which was announced by the Life Offices Association last July after discussions with the various broking organisations and becomes operative from July next

Of course there is no ideal solution to this question and most of the proposed remedies create their own difficulties because of the diversity of products, agents and the life companies themselves—all tending to put in different directions. But the Policyholders Protection Act has put together regulations to try to prevent future Life situations and to protect policyholders if they should occur. It has also placed a measure of responsibility in the brokers in that if a life company goes into liquidation the broker has to pay back part of the commission he received during the 12 months prior to the liquidation and a small amount of his receipts for the 12 months prior to that.

## Discussion

There has been a lot of discussion about this proposed clawback as to whether it is right or not, but the view that it will encourage the irresponsible to some merit in that there will be no profit to be made out of a failed office. The other side of the coin is of course that it might discourage the growth of the smaller company—all the smaller companies have in the past been responsible for a good deal of the product innovation which has come out in the industry.

However, probably the most important part of the drive to make the commission system work for the consumer is that it is sold to individuals rather than bought and the system which has been developed over the years is not capable of this type of change—which would indeed lead to smaller life assurance industry.

So it is really a question of creating a system whereby life assurance intermediaries have more effective and more suited

## Freedom

CONTINUED FROM PREVIOUS PAGE

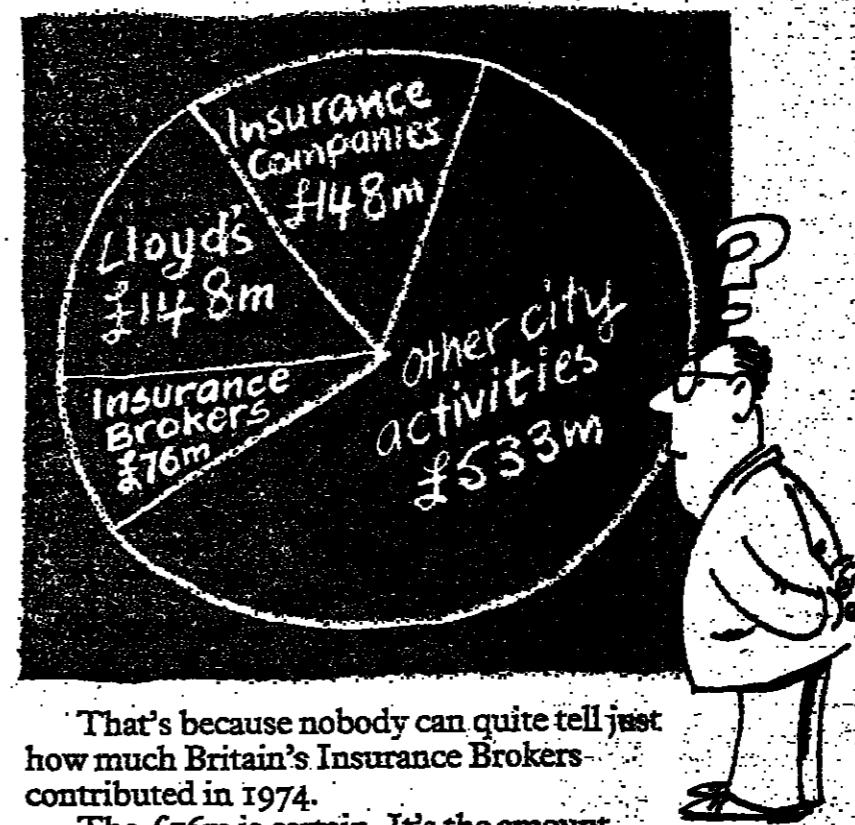
paramount. Most of the leading brokers in the U.K. have wide international experience including operations in the EEC member countries. Indeed, about three quarters of all overseas business placed in London arises through U.K. brokers. In contrast, brokers place about one quarter of commercial and industrial business. The need for one broker to be able to place insurance in the best market for his client is going to grow. U.K. expertise in this sector has much to offer its EEC

brokers will live to continue their expansion into Europe, at least for the time being, by the more normal business methods that have been used in the past. U.K. brokers have always had a presence in Europe, usually through co-operation with local broking firms. This linking is likely to continue to grow in the future while avoiding the production of a flood of services directive that will acceptible broker who in many cases has oriented his selling towards protection with a whole life contract as the main vehicle for

market

Eric Short  
Christopher Hill

## This picture of the City's invisible exports is not entirely clear.



That's because nobody can quite tell just how much Britain's Insurance Brokers contributed in 1974.

The £76m is certain. It's the amount directly attributed to them. (And it compares with £60m in 1973 and £58m in 1972).

The hard part is to see how much of the contributions of Lloyd's and the British Insurance Companies also came through Brokers.

Certainly, it would be large. Exactly how large, we cannot say. The important points are that our Insurance Brokers, year by year, win increasing sums from overseas for the British Insurance market. And that the City as a whole earns enough abroad to make a sizeable dent in our current account visible trading deficit.

And there's nothing unclear about the importance of that.

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It has also been remarked that there seems no reason why intermediaries should be more heavily rewarded for placing long-term whole life contracts when just as much work may be involved in selling the customer a ten-year endowment policy. But whatever the arguments, the new policy is going ahead, although the nuts and bolts of remuneration are still being discussed.

With the change such important offices as Abbey Life, Hamro Life and Schroder have joined the LOA, which may now lay claim to 95 per cent of ordinary life business written within the industry. One can only endorse the belief of the LOA and the Associated Scottish Life Offices that a standard commission structure is desirable so that the consumer should know that the recommendation of a particular type of policy or any particular company is not influenced by the amount of commission payable.

This is not to say that the change in the commission system has not encountered opposition. The effect of making the LOA scale as 2½ per cent of the premium for each premium paying year with the maximum commission fixed at 80 per cent (creating a cut off point at 24 years) is that the emphasis has shifted from long-term contracts to the shorter term.

The previous set-up was that £2 per cent of the sum assured was payable to the agents. This meant that there was an incentive for the broker to sell whole life policies with a large sum assured and there was considerable criticism about whether these were really suitable for many categories of potential policyholders.

Now the commission arrangements favour the investment-oriented endowment contract as opposed to whole life and the main opposition to the changeover has come from the mortgage brokers who sell cover and repayment for house mortgages on a long-term basis and the provincial High Street broker who in many cases has oriented his selling towards

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However, it is difficult to make rules which are effective without constricting the growth of the life assurance industry. At the moment the several broking associations have submitted their views on self-regulation to the Department of Trade, but they always have at the back of the minds the hesitation about whether higher standards would diminish the size of the market.

This would not only be against their interests but would also not favour the individual—after all, even mildly biased advice is probably better than none at all.

Christopher Hill

Eric Short

## ADVERTISEMENT

# Insurance Brokers Directory

The insurance brokers listed below offer specialist advice on some or all of the following aspects of insurance available on industrial, commercial, financial and personal lines.

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Ordinary and unit linked life insurance and insured pension plans	Fire, Additional perils Thermal, Stormwater	Public liability Employer's liability Contract indemnity	Trade credit	Supply guarantee Court & Govt bonds Contingency	Contract insurance Credit	Passenger Cargo	Commercial Liability	Industrial	Financial

The Companies shown are members of at least one of the major U.K. Insurance Broking Associations (A.I.B., C.I.B., F.I.B., L.I.B.A.)

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15 Barwick Associates Ltd 2/4 York Row Wisbech Cambs PE13 1EE	52 Graham Carter & Co Ltd 26 Exchange Street East Liverpool L2 3PH	91 Harris & Dixon Group of Companies 81 Gracechurch Street London EC3V 0AT	119 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	157 B A Taylor (Insurance) Ltd 152-155 High Street London SE20	212 1. T. Williams Ltd 2 Duke Street Brighton B Foster's Chambers Small Bristol 1		
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17 Beacon Insurance Brokers Ltd/ James Marchant & Son (Insurance Brokers) Ltd/Beacon Merchant Life & Pensions Brokers 241 Queensway Bletchley Milton Keynes MK2 2ER	54 F P Clarke (Insurances) Ltd 16 High Street Yeovil Somerset BA20 1RP	93 Hartley Cooper Group of Companies 81 Gracechurch Street London EC3V 0AT	121 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	159 B A Taylor (Insurance) Ltd 152-155 High Street London SE20	214 1. T. Williams Ltd 2 Duke Street Brighton B Foster's Chambers Small Bristol 1		
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24 Blake & Marston King House 10,13 Dominion Street London EC2M 2RR	61 Copper & Dean Ltd Brookside House 81 Union Street Oldham Lancs	100 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	128 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	166 B A Taylor (Insurance) Ltd 152-155 High Street London SE20	221 1. T. Williams Ltd 2 Duke Street Brighton B Foster's Chambers Small Bristol 1		
25 Boulton Group of Companies Corn Exchange Building 51-57 Mark Lane London EC3R 7ST	62 Copper & Warren & Co Ltd 8 Lloyd's Avenue London EC3N 3HD	101 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	129 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	167 B A Taylor (Insurance) Ltd 152-155 High Street London SE20	222 1. T. Williams Ltd 2 Duke Street Brighton B Foster's Chambers Small Bristol 1		
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28 F Bolton Group of Companies Corn Exchange Building 51-57 Mark Lane London EC3R 7ST	65 J Davis (Insurance Consultants) Ltd 1 Davis Street London EC4M 8BP	104 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	132 Kallender Ashford & Co Ltd Mile House Livingstone Road Bath BA2 3PH	170 B A Taylor (Insurance) Ltd 152-155 High Street London SE20	225 1. T. Williams Ltd 2 Duke Street Brighton B Foster's Chambers Small Bristol 1		
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o student manufacturing companies at Leeds University wind up to-day. Michael Dixon reports on a professor's unusual experiment

# Learning business the enjoyable way

TWO young manufacturers are being together to help them learn how very little else.

In Leeds, their names are Blenheim Company and Now, it's not difficult for Kushy-Number and the other. They're smart academics to waffle on about Blenheim Company were

over the three months. But the problem is how to make business.

have been running, it realises students who, with

the investors. Their worked in a company.

will be positively

a task, because it will

be free for what they

in real work.

workers of the one, and

the other—all of whom

usually also had the

directors are final

undergraduates in the

Leeds facing final

ones in the early

Some of them are

French, others com-

in a third group tex-

in every case the

combined in their

case with Management

other subjects

management, although not

are no longer rare

unit. But, as far as I

young youngsters to set

real profit-making.

"That was our answer," Jack

Butterworth said. "Join Young

Enterprise and get the students

the idea came from to set up and run their own

Jack Butterworth, on the campus."

last year as the head of the

Leeds Department of

Studies. He

firmly that practical

The professor allowed each of

them a capital of 200 shares of

25p, and told the students to sell

them to their friends. That

was to put some pressure on

them. If they weren't profitable,

they'd have to go round their

about business policy."

Butterworth said, in the previous years lost your money for you". He

course, they've had let them use the department of

bits of theory—business premises, at a rent of

and so on. And £1 a week. He told them what he

ness policy idea was to would like them to learn from

## Participation

"We saw the problem of getting all of us to work together," said one of Kushy's worker-directors, "and decided that the best way to commitment was consensus. So we set up a structure of groups for the various functions so that they would work out their ideas, and present them for co-ordination to the Board meetings. We saw that as giving everybody an equal share in decision-making. In other words, the way we ran our group was political rather than conventionally managerial."



Terry Kirk  
Professor Butterworth (left) and his students found cushions saturated the University's market and tried to export them to the Polytechnic next door.

But this high-principled participative management did not save the company from indulging in what looks to be a bit of sharp practice, nor from a clash with the "working-class movement." In a way, the first led to the second.

To fill its cushions the company first bought in a bale of plastic foam. Not only was this expensive, but somebody carelessly cut open the bale and

As a result the average costs

the work force was swiftly of the company's product range driven from the work place by fell to 80p-£1, and it was able

to produce more cushions selling at £1.75-£19, with the £5-£8

few minutes some of Kushy's

directors went into the university's textiles department to saturate the company's cap-

with a bottle of whisky, and the market in the University's

came out with a consignment students' union building. So

Kushy tried to export to the

Leeds Polytechnic next door.

But, Christmas over, the pen-

supplier withdrew the sale-or-

solemnly ruled out this return facility, and the credit committee, which also had functional committees, but delegated day-to-day decisions to a small group of executive directors then decided that its factoring, although profitable, was not providing any experience of production which after all, was part of the object of the exercise.

Once again, the convenience of having a strong textiles department in the university

was decisive. Blenheim took to manufacturing and selling scarves. The range seems to

have been as follows: blue, red,

blue and red; shorter, longer;

the three-month business period. I am pleased to say

that the worker-directors are

representing this to the shareholders as a return of 80 per

Most thought that it had, but apparently not in any specific way that Professor Butterworth had hoped for. True, the majority wanted (unlike university students generally) to work in industry. But this had been the case before the exercise started, and had not been much changed by it. One young man

said that, intending to work in

on it in his company; he now

wanted to work in marketing.

The students' overwhelming

view was that, while the exercise had been and would continue to be a worthwhile part of the course, it should not be carried out at a time when it conflicted with the "really important work" of revising for final examinations.

Professor Butterworth accepts

that this is a problem, and

hopes to find some way of lessening it. But he still feels

that company-running is worth retaining as a later part of the course for future years.

As a non-academic observer,

I would agree. The lessons of

experience are such that, very often, people are not conscious

of them at the time they are

being learned. But the lessons, nevertheless, tend to come to the mind when it is challenged by an analogous experience years later. Since, as British education is at present, running a company is a thing utterly apart from the bulk of student life, the Leeds undergraduates may well have learned a lot from the exercise without being aware of it.

I hope this is so, because the one specific lesson that several of the students said they were conscious of, seems somewhat questionable. It is that "even to-day, making money is not difficult if that is what you really want to do." Really?

## Ball-points

In contrast to Kushy-Number, the Blenheim Company (named after the terrace where the Leeds Management Department is sited) first took to wheeling

and dealing.

It got hold of a stock of attractive ball-point pens, not only on sale-or-return, but also on credit. These cost 80p each, and Blenheim slapped them on the university students' union market just before the Christmas vacation at 90p, compared with £1.25 for the same article, gift wrapped, in the shops. It did not sell do-it-yourself gift wrapping, but it did factor tape-recorder cassettes. In three days the company sold £293 of stock. It also staged discos

which attracted 150 people, and added about £80 to the accumulated profit.

But, Christmas over, the pen-

supplier withdrew the sale-or-

## Shareholders

With hours ranging from

about 40 to 14, total pay is vary-

ing between £6 and £3. But the

Blenheim worker-directors

apparently think that a dividend

of only 10 per cent. is good

enough for the shareholders.

When I talked to members of

both companies last week, none

would agree that the company

running exercise had in any

important way added a real

world dimension to their theoreti-

cal management study. This

is not to say they felt the exer-

cise had been valueless to them.

## To-day's Events

**GENERAL** Denis Healey, Chancellor of the Exchequer attends EEC Finance Ministers meeting, Brussels.

**Chrysler U.K.** management and unions meet Department of Industry officials to discuss company planning agreement with Government.

**Law of the Seas** conference re-

sumes, New York.

**Mr. Edward Bishop**, Minister of State for Agriculture, inaugurates Food Manufacturers' Federation two-day conference.

**Mr. Michael Heseltine**, Oppo-

nition spokesman on industry, ad-

dresses Insurance Institute of

London on "The Institutions, In-

dustry and Investment," Alder-

marbury, E.C.2.

mittee. Debate on transport and communications in Scotland.

**OFFICIAL STATISTICS** Retail trade (February—provi-

sional), Turnover of catering trades (January).

**COMPANY RESULTS** Leyland Products (full year).

Rugby Portland Cement (full year).

**COMPANY MEETINGS:** See Week's Financial Diary on Page 9.

**OPERA** English National Opera produc-

tion of Donizetti's "Mara, Stuart,

Grosvener House, W.1.

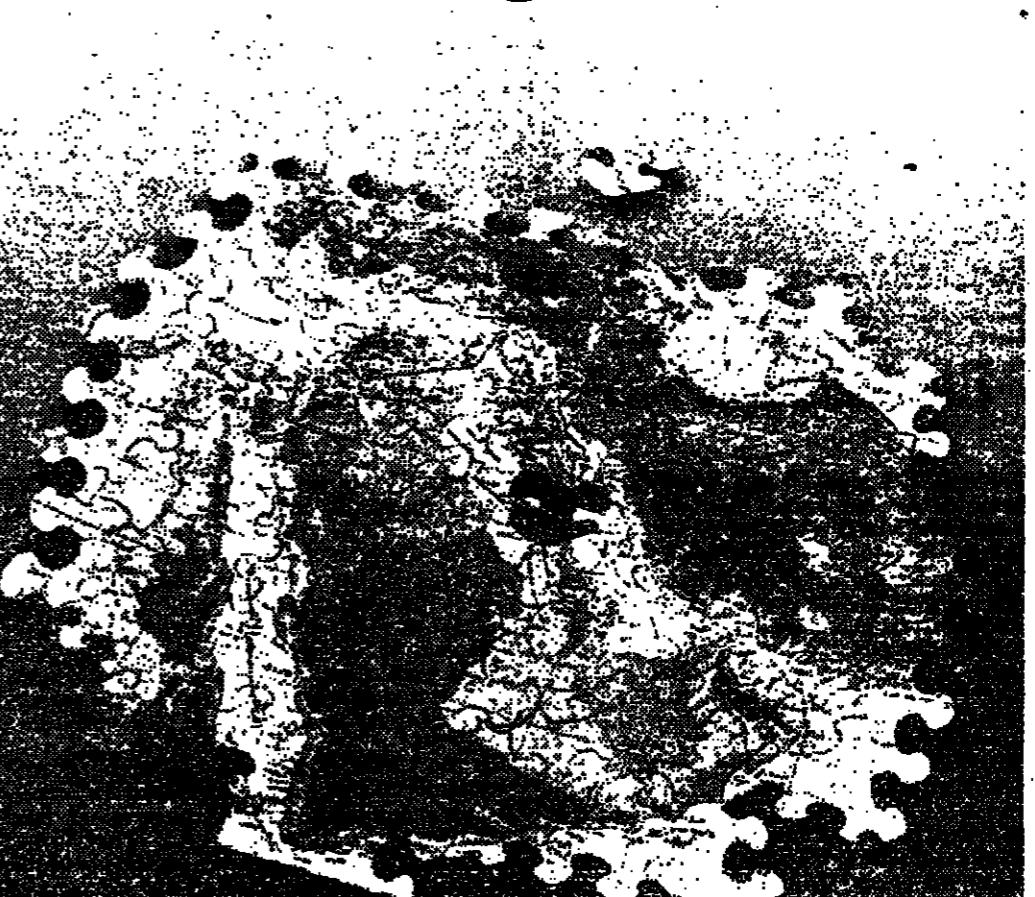
**MUSIC** Keiko Tokunaga gives piano

recital of works by Mozart, Beetho-

ven, Chopin, Liszt, Scriabin, Wimborne Hall, London.

House, W.1, 7.30 p.m.

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# COMPANY NEWS + COMMENT

## Cope Allman first half setback

ON SALES up from £53.57m. to £55.43m., group pre-tax profits of Cope Allman International fell sharply from £3.56m. to £1.62m. in the half-year to December 31, 1975.

However, the directors look for second-half profit considerably in excess of the £2.25m. for the corresponding period of 1975.

Earnings per 5p share for the first half decreased from 4.36p to 1.87p. An unchanged interim dividend of 1p net is declared, payable June 25, and the directors intend to raise the total from 2.552p to 2.807p—the current maximum permitted.

	Six months Year	1975	1974
Gross sales .....	£55,573	£53,567	
Less cost of sales .....	37,878	36,943	
Less stock interest .....	1,022	1,053	
Pre-tax profit .....	1,622	3,561	
U.K. tax .....	549	1,395	
Overseas .....	36	1,481	
Minority interests .....	183	117	
<b>Attributable .....</b>	<b>715</b>	<b>4,465</b>	

The reduction in profit is in line with the chairman's indication at the AGM last December.

A large part of the decline occurred at the international packaging operations, where sales were well down in volume terms as a result of de-stocking by customers, and margins were under severe pressure due to cost inflation and price controls, particularly those ruling in France, the directors state.

In addition, the steel rolling mill experienced a low level of order intake.

Although price controls still exist, the drastic de-stocking appears to have ended and the second half-year has shown a positive improvement in the level of order intake in most of the operations where activity has been depressed over the last 12 months.

The policy of capital re-equipping and stock re-building is being pursued in order to take advantage of the anticipated worldwide upturn in business, and the directors consider that the group's cash facilities are fully adequate to meet its projected financing requirements.

Exports from the U.K. to non-group customers amounted to \$2.75m. during the six months (£2.75m.).

Tax on overseas profits, including deferred tax, is abnormally high due to the fact that certain subsidiaries in Europe incurred losses during the period, which cannot be offset against other group profits for tax purposes, it is stated.

### Capseals

First-half pre-tax profit of the packing material making subsidiary, Capseals, slumped from £505,000 to £73,000, reflecting the depression in the paper industry, particularly at the paper making offshoot, Grove Mill Paper Company.

The directors report, however, that there has already been some improvement in business at all subsidiary units and they confidently expect that the trading profit for the year will be in excess of £9.5m. compared with £1.2m.

Because of the group's financial strength it is intended to increase the year's dividend from 1.403p to

### HIGHLIGHTS

On a thin weekend for items of company news, Lex discusses the status of clearing bank shares after the recent spate of results and reports and accounts, and also takes in an assessment of general sector price performance, since the most recent market peak in January. Elsewhere, Cope Allman, afflicted by the recession in both packaging (where heavy losses have been made) and engineering, has turned in more than halved interim pre-tax profits, although packaging in particular seems now to be on a recovery tack. The week's company news list contains a string of important names. Rugby Portland Cement produce preliminary figures later today, while on Tuesday, BICC also reports on its full year experience. Wednesday sees preliminary results from Thomas Tilling and Hepworth Ceramic, together with interim figures from Brooke Bond Lichfield. Further evidence of the recovery in oil company fortunes is expected on Thursday when British Petroleum reports on its final quarter.

1.545p net per 5p unit. An interim of 0.1p (10.46p) is declared, payable June 25. Earnings for the half year decreased 2.03p to 0.29p.

Last January it was decided to close the paper making activity.

Because of the high capital investment it has not been possible to reduce costs further at Grove Mill, and in the six months it incurred a trading loss of £18,000.

Extraordinary losses resulting from the closure of the plant were taken into account profits or losses on the sale of the company's property and manufacturing plant, are estimated at £295,000 after tax relief.

It is not possible at this stage to assess the likely sales proceeds of the Mill's fixed assets, but negotiations are in progress.

Although price controls still exist, the drastic de-stocking appears to have ended and the second half-year has shown a positive improvement in the level of order intake in most of the operations where activity has been depressed over the last 12 months.

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## Scottish Eastern sees rise

THE DIRECTORS of the Scottish Eastern Investment Trust say it will be a disappointment if there is not some increase in gross income in the current year.

From recent estimates and forecasts, there should be a considerable improvement in U.S. company profits in 1976, they state. For U.K. and other parts of the world the outcome is much less predictable.

After the sharp rise in equity prices in Wall Street and London, a setback will not be surprising, the directors add and they consider it prudent to hold a small percentage of funds on deposit to allow for any new opportunities.

It is reported on February 29 with net asset values, gross revenue for the year ended January 31, 1976, amounted to £3.33m. against £3.39m. The net dividend total is 3p (2.9p).

To reduce disparity, the directors intend to increase the interim dividend due in October from 0.875p to 1p net, but at this stage, it should not be assumed that there will be a higher total for the current year.

Meeting, Congleton, Cheshire, on April 8 at 11 a.m.

Chairman's statement, Page 26

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### • comment

A £1.8m. turnaround to losses by the packaging side, and a sharp drop in profits by the engineering division have cut Cope Allman's interim profits by 50 per cent. before tax. The former was still suffering from wide de-stocking while the latter, which was the main growth area last year, experienced an abrupt drop in demand as the U.S. market dried up. This has apparently started to pick up in the second six months of the year and there has also been evidence of an improvement in packaging orders, particularly at Capseals where the recession looks like being short lived, they say. The directors expect that the trading profit for the year will be in excess of £9.5m. compared with £1.2m.

Because of the group's financial strength it is intended to increase the year's dividend from 1.403p to

1.545p net per 5p unit. An interim of 0.1p per 20p share has been paid to maintain trustee status. The payment for 1975-76

is 1.545p.

The 18-months pre-tax profit comprised a group net loss of £67,237 (£73,056), profit on sale of investments £11,702 (£18,563), share of associate's net income £1,323 (£170,882) and profit on sale of associate's investments £402 (£4,913).

Tax took £70,094 (£118,763), leaving a loss of £23,704 (profit £2,005).

An extraordinary debit of £171,189 (credit £30,729) represents the loss on the sale of Authority's holding in an associate company—Northern Commercial Trust—to Algemena Bank Nederland.

Authority's share of the retained earnings of Northern Commercial Trust brought forward at the beginning of the period have been eliminated.

A statement of retained earnings as at September 30, 1975 as compared with March 31, 1974 shows £747,556 (£763,154) at the beginning of the period. Share of associates' share premium £375,804 making £1,123,360. Share of associate eliminated on sale £793,490, leaving £224,370. From capital reserve £60,488 to reserve

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## EUROBONDS

## Bracing for EEC borrowing

By PAULINE CLARK

IN SPITE of fears to the con-dienne Nationale, a coupon of also because this sector has in trary, the Eurobond market last 8% per cent is anticipated.

The Eurobond market through week showed little sign of being unnerved by the prospect of a the EEC financing through unvered by the prospect of a the Eurobond market is, however, expected to cause a bluster major borrowing by the EEC ever, expected to cause a bluster to help finance its planned of possibly a week or two in the total of DM730m, since only a 81.3bn. credit to Italy and announcement of other new issues. Now that the medium term S200m, five year loan has been syndicated as the first part of the package, details of both a towards greater selectivity by S200m, and DM500m, offering investors after the problems surrounding South African issues recently. A stream of new issues The D-mark sector is particularly confident that the EEC market, the latest being offering will get a good reception from Montreal, and the Euro-dated 1982 from Banque Cana-

strength of the currency, but the example.

Prices in the secondary market were slightly easier on the week but this was put down to a move towards greater selectivity by S200m, and DM500m, offering are expected to be announced today.

The D-mark sector is particularly confident that the EEC market, the latest being offering will get a good reception from Montreal, and the Euro-dated 1982 from Banque Cana-

## Bofors earnings up by 11.7%

By William Duliforce

STOCKHOLM, March 14.

**BOFORS**, Sweden's armaments and chemicals concern, increased its pre-tax earnings by 11.7 per cent last year to Kr.124m. (S63m.) after a 12.3 per cent rise in turnover to Kr.1.7bn. (S900m.). These results show Bofors to be one of the few Swedish conglomerates to improve overall earnings during the recession of 1975.

New orders received during the year rose by 22 per cent to Kr.2.7bn. (S1.31bn.), a measure of the relatively firm demand and price levels for Bofors' products.

Bofors has experienced a severe structural rationalisation from 1972 onwards under its new managing-director Claes-Ulrik Winberg and started to expand cautiously after 1973, using cash flow for the most part. In 1974 pre-tax earnings hit a new peak of Kr.127m.—after Kr.42m. in 1973—although Mr. Winberg told the annual meeting last April that the return on capital employed was still too low.

The preliminary report for 1975 puts adjusted earnings per share at Kr.39.60 compared with Kr.32 in the previous year.

Pre-tax earnings for Iggesund, the forestry industry and steel concern fell by 75 per cent from Kr.292m. in 1974 to Kr.72.8m. (S3.6m.) last year after a drop of 15.3 per cent in turnover to just over Kr.1.1bn. (S1.13m.). Turnover, from 24.7 to 13.3 per cent, in trading margins indicates the scale of slumps, writes William Duliforce.

Iggesund is Europe's biggest producer of carton, for which demand had been steadily increasing until last year, when a fall in sales coincided with a drop in demand for timber and a recession on the steel market.

■ The Kvaerner shipbuilding

and engineering group of Norway, announces record profits of Kr.49.9m. in 1975, compared with Kr.43.8m. in 1974, writes Guy Gieseier. Group turnover rose by 47 per cent to Kr.1.963m.

The group regards the results as satisfactory in view of the conditions prevailing last year.

It adds, however, that some divisions need new orders soon if present employment is to be maintained. An unchanged 10 per cent dividend is proposed.

## Indices

## NEW YORK

## DOW JONES AVERAGES

## Close Home Trans. Interne

## Bonds U.S. Dollars 1000's

## Mar. 12 1975

## 200.62 100.31 86.88 26.020

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# AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS								
THE MRS. LTD. (a) (g)	Ridge Tellman Fd. Mgrs. V (a)(c)	Gartmore Fund Managers (a)(g)	Legal & General Tyndall Fund	Minster Fund Managers Ltd.	Provincial Life Inv. Co. Ltd. V	Scottish Equitable Fnd. Mgrs. Ltd. V	Target Tsl. Mgrs. (Scotland) (a)(b)	
19-ml. Aylesbury	58, Minning Lane, EC3	91-020 4651	2 St. Mary Axe, EC3A 8BP	01-020 3331	222, Bishopsgate, EC2	01-247 6533	28 St. Andrews Sq. Edinburgh	031-250 9101
19-ml. Aylesbury	281	7.25	American Tsl.	26.8 +0.2 1.88	Minster Hse, Arthur St., EC4	01-220 1050	28 St. Andrews Sq. Edinburgh	031-250 9201
19-ml. Aylesbury	281	7.25	British Lnd. (Acc.)	27.2 +0.2 1.87	Prolific Units	16.8 71.5 -0.3 2.79	Income Unit	16.5 46.3 +0.3 2.10
19-ml. Aylesbury	281	7.25	Capital Fund	27.5 +0.2 1.86	High Income	16.8 85.7 -0.3 2.71	Income Unit	16.5 46.3 +0.3 2.10
19-ml. Aylesbury	281	7.25	ES Trust	27.8 +0.2 1.85	Next sub. day April 14		Accum. Unit	16.5 46.3 +0.3 2.10
19-ml. Aylesbury	281	7.25	ES Trust	28.0 +0.2 1.84	(valuing day Tuesday)		Tsl. Clmrs. Mar. 3	16.5 47.1 +0.3 2.10
19-ml. Aylesbury	281	7.25	ES Trust	28.2 +0.2 1.83				
19-ml. Aylesbury	281	7.25	ES Trust	28.4 +0.2 1.82				
19-ml. Aylesbury	281	7.25	ES Trust	28.6 +0.2 1.81				
19-ml. Aylesbury	281	7.25	ES Trust	28.8 +0.2 1.80				
19-ml. Aylesbury	281	7.25	ES Trust	29.0 +0.2 1.79				
19-ml. Aylesbury	281	7.25	ES Trust	29.2 +0.2 1.78				
19-ml. Aylesbury	281	7.25	ES Trust	29.4 +0.2 1.77				
19-ml. Aylesbury	281	7.25	ES Trust	29.6 +0.2 1.76				
19-ml. Aylesbury	281	7.25	ES Trust	29.8 +0.2 1.75				
19-ml. Aylesbury	281	7.25	ES Trust	30.0 +0.2 1.74				
19-ml. Aylesbury	281	7.25	ES Trust	30.2 +0.2 1.73				
19-ml. Aylesbury	281	7.25	ES Trust	30.4 +0.2 1.72				
19-ml. Aylesbury	281	7.25	ES Trust	30.6 +0.2 1.71				
19-ml. Aylesbury	281	7.25	ES Trust	30.8 +0.2 1.70				
19-ml. Aylesbury	281	7.25	ES Trust	31.0 +0.2 1.69				
19-ml. Aylesbury	281	7.25	ES Trust	31.2 +0.2 1.68				
19-ml. Aylesbury	281	7.25	ES Trust	31.4 +0.2 1.67				
19-ml. Aylesbury	281	7.25	ES Trust	31.6 +0.2 1.66				
19-ml. Aylesbury	281	7.25	ES Trust	31.8 +0.2 1.65				
19-ml. Aylesbury	281	7.25	ES Trust	32.0 +0.2 1.64				
19-ml. Aylesbury	281	7.25	ES Trust	32.2 +0.2 1.63				
19-ml. Aylesbury	281	7.25	ES Trust	32.4 +0.2 1.62				
19-ml. Aylesbury	281	7.25	ES Trust	32.6 +0.2 1.61				
19-ml. Aylesbury	281	7.25	ES Trust	32.8 +0.2 1.60				
19-ml. Aylesbury	281	7.25	ES Trust	33.0 +0.2 1.59				
19-ml. Aylesbury	281	7.25	ES Trust	33.2 +0.2 1.58				
19-ml. Aylesbury	281	7.25	ES Trust	33.4 +0.2 1.57				
19-ml. Aylesbury	281	7.25	ES Trust	33.6 +0.2 1.56				
19-ml. Aylesbury	281	7.25	ES Trust	33.8 +0.2 1.55				
19-ml. Aylesbury	281	7.25	ES Trust	34.0 +0.2 1.54				
19-ml. Aylesbury	281	7.25	ES Trust	34.2 +0.2 1.53				
19-ml. Aylesbury	281	7.25	ES Trust	34.4 +0.2 1.52				
19-ml. Aylesbury	281	7.25	ES Trust	34.6 +0.2 1.51				
19-ml. Aylesbury	281	7.25	ES Trust	34.8 +0.2 1.50				
19-ml. Aylesbury	281	7.25	ES Trust	35.0 +0.2 1.49				
19-ml. Aylesbury	281	7.25	ES Trust	35.2 +0.2 1.48				
19-ml. Aylesbury	281	7.25	ES Trust	35.4 +0.2 1.47				
19-ml. Aylesbury	281	7.25	ES Trust	35.6 +0.2 1.46				
19-ml. Aylesbury	281	7.25	ES Trust	35.8 +0.2 1.45				
19-ml. Aylesbury	281	7.25	ES Trust	36.0 +0.2 1.44				
19-ml. Aylesbury	281	7.25	ES Trust	36.2 +0.2 1.43				
19-ml. Aylesbury	281	7.25	ES Trust	36.4 +0.2 1.42				
19-ml. Aylesbury	281	7.25	ES Trust	36.6 +0.2 1.41				
19-ml. Aylesbury	281	7.25	ES Trust	36.8 +0.2 1.40				
19-ml. Aylesbury	281	7.25	ES Trust	37.0 +0.2 1.39				
19-ml. Aylesbury	281	7.25	ES Trust	37.2 +0.2 1.38				
19-ml. Aylesbury	281	7.25	ES Trust	37.4 +0.2 1.37				
19-ml. Aylesbury	281	7.25	ES Trust	37.6 +0.2 1.36				
19-ml. Aylesbury	281	7.25	ES Trust	37.8 +0.2 1.35				
19-ml. Aylesbury	281	7.25	ES Trust	38.0 +0.2 1.34				
19-ml. Aylesbury	281	7.25	ES Trust	38.2 +0.2 1.33				
19-ml. Aylesbury	281	7.25	ES Trust	38.4 +0.2 1.32				
19-ml. Aylesbury	281	7.25	ES Trust	38.6 +0.2 1.31				
19-ml. Aylesbury	281	7.25	ES Trust	38.8 +0.2 1.30				
19-ml. Aylesbury	281	7.25	ES Trust	39.0 +0.2 1.29				
19-ml. Aylesbury	281	7.25	ES Trust	39.2 +0.2 1.28				
19-ml. Aylesbury	281	7.25	ES Trust	39.4 +0.2 1.27				
19-ml. Aylesbury	281	7.25	ES Trust	39.6 +0.2 1.26				
19-ml. Aylesbury	281	7.25	ES Trust	39.8 +0.2 1.25				
19-ml. Aylesbury	281	7.25	ES Trust	40.0 +0.2 1.24				
19-ml. Aylesbury	281	7.25	ES Trust	40.2 +0.2 1.23				
19-ml. Aylesbury	281	7.25	ES Trust	40.4 +0.2 1.22				
19-ml. Aylesbury	281	7.25	ES Trust	40.6 +0.2 1.21				
19-ml. Aylesbury	281	7.25	ES Trust	40.8 +0.2 1.20				
19-ml. Aylesbury	281	7.25	ES Trust	41.0 +0.2 1.19				
19-ml. Aylesbury	281	7.25	ES Trust	41.2 +0.2 1.18				
19-ml. Aylesbury	281	7.25	ES Trust	41.4 +0.2 1.17				
19-ml. Aylesbury	281	7.25	ES Trust	41.6 +0.2 1.16				
19-ml. Aylesbury	281	7.25	ES Trust	41.8 +0.2 1.15				
19-ml. Aylesbury	281	7.25	ES Trust	42.0 +0.2 1.14				
19-ml. Aylesbury	281	7.25	ES Trust	42.2 +0.2 1.13				
19-ml. Aylesbury	281	7.25	ES Trust	42.4 +0.2 1.12				
19-ml. Aylesbury	281	7.25	ES Trust	42.6 +0.2 1.11				
19-ml. Aylesbury	281	7.25	ES Trust	42.8 +0.2 1.10				
19-ml. Aylesbury	281	7.25	ES Trust	43.0 +0.2 1.09				
19-ml. Aylesbury	281	7.25	ES Trust	43.2 +0.2 1.08				
19-ml. Aylesbury	281	7.25	ES Trust	43.4 +0.2 1.07				
19-ml. Aylesbury	281	7.25	ES Trust	43.6 +0.2 1.06				
19-ml. Aylesbury	281	7.25	ES Trust	43.8 +0.2 1.05				
19-ml. Aylesbury	281	7.25	ES Trust	44.0 +0.2 1.04				
19-ml. Aylesbury	281	7.25	ES Trust	44.2 +0.2 1.03				
19-ml. Aylesbury	281	7.25	ES Trust	44.4 +0.2 1.02				
19-ml. Aylesbury	281	7.25	ES Trust	44.6 +0.2 1.01				
19-ml. Aylesbury	281	7.25	ES Trust	44.8 +0.2 1.00				
19-ml. Aylesbury	281	7.25	ES Trust	45.0 +0.2 0.99				
19-ml. Aylesbury	281	7.25	ES Trust	45.2 +0.2 0.98				
19-ml. Aylesbury	281	7.25	ES Trust	45.4 +0.2 0.97				
19-ml. Aylesbury	281	7.25	ES Trust	45.6 +0.2 0.96				
19-ml. Aylesbury	281	7.25	ES Trust	45.8 +0.2 0.95				
19-ml. Aylesbury	281	7.25	ES Trust	46.0 +0.2 0.94				
19-ml. Aylesbury	281	7.25	ES Trust	46.2 +0.2 0.93				
19-ml. Aylesbury	281	7.25	ES Trust	46.4 +0.2 0.92				
19-ml. Aylesbury	281	7.25	ES Trust	46.6 +0.2 0.91				
19-ml. Aylesbury	281	7.25	ES Trust	46.8 +0.2 0.90				
19-ml. Aylesbury	281	7.25	ES Trust	47.0 +0.2 0.89				
19-ml. Aylesbury	281	7.25	ES Trust	47.2 +0.2 0.88				
19-ml. Aylesbury	281	7.25	ES Trust	47.4 +0.2 0.87				
19-ml. Aylesbury	281	7.25	ES Trust	47.6 +0.2 0.86				
19-ml. Aylesbury	281	7.25	ES Trust	47.8 +0.2 0.85				
19-ml. Aylesbury	281	7.25	ES Trust	48.0 +0.2 0.84				
19-ml. Aylesbury	281	7.25	ES Trust	48.2 +0.2 0.83				
19-ml. Aylesbury	281	7.25	ES Trust	48.4 +0.2 0.82				
19-ml. Aylesbury	281	7.25	ES Trust	48.6 +0.2 0.81				
19-ml. Aylesbury	281	7.25	ES Trust	48.8 +0.2 0.80				
19-ml. Aylesbury	281	7.25	ES Trust	49.0 +0.2 0.79				
19-ml. Aylesbury	281	7.25	ES Trust	49.2 +0.2 0.78				
19-ml. Aylesbury	281	7.25	ES Trust	49.4 +0.2 0.77				
19-ml. Aylesbury	281	7.25	ES Trust	49.6 +0.2 0.76				
19-ml. Aylesbury	281	7.25	ES Trust	49.8 +0.2 0.75				
19-ml. Aylesbury	281	7.25	ES Trust	50.0 +0.2 0.74				
19-ml. Aylesbury	281	7.25	ES Trust	50.2 +0.2 0.73				
19-ml. Aylesbury	281	7.25	ES Trust	50.4 +0.2 0.72				
19-ml. Aylesbury	281	7.25	ES Trust	50.6 +0.2 0.71				
19-ml. Aylesbury	281	7.25	ES Trust	50.8 +0.2 0.70				
19-ml. Aylesbury	281	7.25	ES Trust	51.0 +0.2 0.69				
19-ml. Aylesbury	281	7.25	ES Trust	51.2 +0.2 0.68				
19-ml. Aylesbury	281	7.25	ES Trust	51.4 +0.2 0.67				
19-ml. Aylesbury	281	7.25	ES Trust	51.6 +0.2 0.66				
19-ml. Aylesbury	281	7.25	ES Trust	51.8 +0.2 0.65				
19-ml. Aylesbury	281	7.25	ES Trust	52.0 +0.2 0.64				
19-ml. Aylesbury	281	7.25	ES Trust	52.2 +0.2 0.63				
19-ml. Aylesbury	281	7.25	ES Trust	52.4 +0.2 0.62				
19-ml. Aylesbury	281	7.25	ES Trust	52.6 +0.2 0.61				
19-ml. Aylesbury	281	7.25	ES Trust	52.8 +0.2 0.60				
19-ml. Aylesbury	281	7.25	ES Trust	53.0 +0.2 0.59				
19-ml. Aylesbury	281	7.25	ES Trust	53.2 +0.2 0.58				
19-ml. Aylesbury	281	7						

# **INSURANCE, PROPERTY, BONDS**

## **REGIONAL MARKETS**

# **OFFSHORE AND OVERSEAS FUNDS**

# **NANCIAL TIMES STOCK INDICES**

	12	11	10	9	8	7	6	5	4	3	2
11 Sept.	\$1.80	\$1.84	\$1.85	\$1.82	\$1.90	\$2.47	\$2.47	\$2.05			
rest	\$1.61	\$1.58	\$1.59	\$1.86	\$1.65	\$2.22	\$2.22	\$1.51			
Ordinary	\$10.00	\$11.15	\$11.11	\$11.14	\$11.15	\$104.7	\$104.7	\$109.5			
.....	190.5	188.0	179.3	172.2	178.1	172.8	172.8	411.8			
Yield %	6.67	6.63	6.61	6.05	6.06	5.15	5.15	6.45			
Dividends	14.65	14.51	14.45	14.55	14.55	14.50	14.50	19.31			
(net) (d) (\$)	10.03	10.12	10.16	10.09	10.09	10.01	10.01	7.21			
market	7,444	8,872	7,121	7,453	7,593	7,759	7,759	7,087			
newer 2m	—	55.52	55.14	63.10	55.26	72.18	72.18	64.37			
year-to-date	—	20,169	19,025	19,495	20,869	19,840	19,840	20,057			
10 a.m. 411.1	11 a.m. 412.6	Noon 412.1	1 p.m. 411.3								
2 p.m. 411.8	3 p.m. 411.2										
Longest Index 411.24 2026											
(a) Based on 32 per cent. corporation tax. (b) Net = 9.95.											
100 Govt. Secs. Average Fixed Int. 1938. Ind. Ord. 1970-35. Gold Mines											
E. Activity July-Dec. 1946.											
<b>HIGHS AND LOWS</b>											
	1946		Other Computation								
	High	1	Low	1	High	1	Low	1	High	1	Low
	66.21	49.18	127.4	45.15					March	March	
(20/1/46)	(4/1/76)	(4/1/76)	(31/1/76)	(31/1/76)					12	11	
54.45	50.55	130.6	50.55					Daily—			
(4/2/76)	(31/1/76)	(31/1/76)	(31/1/76)	(31/1/76)				Gilt-Edged	157.8	156.5	
417.4	146.0	344.6	37.4				Industrial	259.5	260.5		
(30/1/76)	(4/1/76)	(10/6/76)	(20/6/76)	(31/1/76)			Speculative	88.1	86.1		
494.3	154.0	425.5	48.3				Total	159.4	179.3		
(22/5/76)	(4/1/76)	(22/5/76)	(31/1/76)	(31/1/76)			5-day Averages				
							Gilt-Edged	160.1	160.7		
							Industrial	244.5	244.6		
							Speculative	94.7	94.3		
							Total	170.7	172.1		
<b>FT ACTUARIES INDICES</b>											
	March	March	March	March	March	March	March	March	March	March	A year ago
	12	11	10	9	8	7	6	5	4	3	
General	158.31	158.06	158.00	151.51	151.19	159.31	159.31	119.34			
	179.10	179.16	178.06	176.82	176.55	174.01	174.01	128.11			
Per cent.	5.35	5.25	5.25	5.31	5.32	5.40	5.40	6.53			
1939	10.24	10.35	10.19	10.13	10.10	9.97	9.97	7.16			
	169.45	159.47	168.57	167.45	167.04	166.00	166.00	127.84			
old pc.	14.85	14.09	13.86	13.85	14.04	13.83	13.83	15.55			

#### **FT—ACTUARIES INDICES**

	March M.	March 11	March 30	March 9	March 8	March 1-5	4 year ago
Group	169.81	168.06	168.69	161.51	161.19	159.21	119.94
	179.10	178.16	178.06	176.82	176.55	174.01	128.11
pc	5.22	5.26	5.28	5.51	5.32	5.40	5.53
(mo)	10.24	10.28	10.19	10.12	10.10	9.97	7.16
	169.85	168.47	168.57	167.46	167.04	166.00	127.84
bal pc	14.86	14.00	13.86	13.85	14.04	13.83	13.58

do not include 5 premium where  
able, and are in pence unless otherwise  
stated. Yields shown in last column allow  
all buying expenses. Offered prices  
include all expenses by Today's prices. <sup>c</sup> Yield  
based on offer price. <sup>d</sup> Estimated. <sup>e</sup> Today's  
offered price. Distribution free of U.K. taxes.  
Offered price includes distribution premium except  
in the case of unit trusts. <sup>f</sup> Offered price includes  
expenses if bought through management  
agents' day's price. <sup>g</sup> Net of tax on realized  
gain unless indicated by <sup>h</sup>. <sup>i</sup> Quoted  
<sup>j</sup> Suspended. <sup>k</sup> Single premium  
charge bonds.

Dfls. 60,000,000.  
6½% bearer Notes of 1972 due 1976, 1979  
of  
NEW ZEALAND

As provided in the Terms and Conditions  
Redemption Group No. I, amounting to  
Dfls. 15,000,000, has been drawn for redemption  
on March 1, 1976 and consequently the Note  
bearing consecutive number I and all Notes bearing  
a consecutive number which is 4 or a multiple of  
4 higher than I are payable on

April 15, 1976

at  
Amsterdam-Rotterdam Bank N.V.  
(Central Paying Agent)  
Algemene Bank Nederland N.V.  
Bank Mees & Hope N.V.  
Pierson, Heldring & Pierson N.V.  
in Amsterdam  
S. G. Warburg & Co. Ltd.  
in London  
Commerzbank Aktiengesellschaft  
in Frankfurt Main  
and  
Banque Générale du Luxembourg S.A.  
in Luxembourg.

March 15, 1976

## BERISFORDS LIMITED

Manufacturers of ribbons, labels, trimmings  
and lampshades

Extracts from the Statement of the Chairman  
John F. Sebire, and from the Annual Report for 1975.

Flexible production facilities enabled us  
to maintain full employment during the most  
severe recession in the textile industry since  
the 1930's.

Profits of the year were the second highest  
in the history of the company.

Improvement in trade has recently spread  
to all divisions and if the present level continues,  
I am confident we shall resume our forward  
progress.

	1975	1974
	£	£
Turnover	5,354,851	4,981,691
Profit	543,713	672,377
Taxation	289,072	380,692
Net Profit	254,641	291,685
Dividends (net)	80,600	80,600

Copies of the Annual Report available from the  
Secretary, Berisfords Ltd., P.O. Box 2, Congleton,  
Cheshire. CW12 1EF.

## STERLING TRUST, LIMITED (incorporated 1971)

An Investment Trust with Trustee Status

Year ended 31st Dec.	Total Assets	For each 25p Share Value Earned Paid
1971	35,132,696	193 4.65 4.57
1972	41,940,352	231 3.17(a) 4.50(b)
1973(c)	30,537,107	160 3.98 3.50(net)
1974	20,119,818	92 4.25 3.85(net)
1975	32,850,793	175 4.37 4.10(net)

(a) Excluding £104,988 gross revenue, payment of which was delayed for tax reasons.  
(b) Gross equivalent.  
(c) Issue of £3,062,500 5% Convertible Unsecured Loan Stock and redemption of £1,443,760 3½% Debenture Stock 1963/73.

Distribution of Investments as at 31st December 1975		
United Kingdom & Commonwealth (excl. Canada)	59.7%	
North America	34.3%	
Other Countries	4.0%	
	100.0%	

Secretary:—  
INVESTMENT TRUST SERVICES LTD., 11, Walbrook, London, EC3N 8EQ  
A member of the Association of Investment Trust Companies

## Cope Allman International Limited

Interim results (unaudited) for the half year to 31st December 1975

	6 months to 31.12.75 £000	6 months to 31.12.74 £000	Year to 28.6.75 £000
Group Sales	55,425	53,573	107,403
Profit before Tax	1,622	3,561	5,807
Profit after Tax and Minority Interests (Earnings Attributable)	715	1,865	2,506
Earnings per share	1.87p.	4.36p.	6.56p.

- Group profit is in line with Chairman's indication at the A.G.M. Decline from previous year arose mainly in international packaging operations.
- Second half year has shown positive improvement and, subject to this continuing and to final outcome of currency movements now taking place, profits for the second half year will be considerably in excess of those for the comparable period in 1975.
- Exports to UK were £6,832,000 (1974—£5,468,000).
- The charge for tax is abnormally high due to the fact that certain European subsidiaries incurred losses which can not be offset against other group profits for tax purposes.
- Directors intend to recommend dividends for the year totalling 2.8078p. per 50p. Ordinary Share (1974/75—2.5625p.) which is maximum permitted under current legislation limiting increases to 10%. Directors have declared an interim dividend of 1p. (1974/75—1p.) per share (amount absorbed £383,000) which is payable on 25th June 1976. Final dividend will be paid in February 1977.

For greater efficiency in civil air traffic communications before the end of the century, a sophisticated satellite system will be needed. Michael Donne reports on a £35m experiment

## An aircraft link with outer space

DURING the next few months, avionics, including a Satellite companies in the U.K., on the Control Facility which will command and in the U.S. will man and control the orbital plane of the spacecraft. Signals will be refined their plans to communicate with the ground—for example satellite ventures of the decade from regular air traffic control—the Aerosat plan to test a centre on each side of the system of aeronautical satellite Atlantic—will be passed communications that may through the communications centres and the earth terminals eventually lead to the establishment of permanent global to the aircraft, and vice-versa. This

The Aerosat, which is expected to cost up to £75m, is being undertaken separately from the Space Segment by the parties to the original Memorandum of Understanding. The whole programme is under the control of an Aerosat Council, which will be responsible ultimately to the governments concerned which are putting up the money through their respective agencies involved. The total estimated cost of £75m includes the cost of building the two spacecraft involved, their launch, the construction of the necessary Earth Stations and the running costs over the period of the experiment.

A Memorandum of Understanding, signed in 1974 between the European Space Agency (ESA), which comprises most European countries, including the U.K. among its members), the U.S. Federal Aviation Administration and the Canadian Government, provided for the development of an experimental Aerosat system for air traffic control and other communications between aircraft and the ground that would show whether or not a full-scale follow-on global system was both practicable and desirable.

The experimental system now to be undertaken is divided into two parts. One is called the "Space Segment," including the development, production, launching and seven-year operation of two satellites, that will be placed in "geostationary orbit" about 22,240 miles high over the Atlantic, from the end of 1979.

This means that the two satellites will have their orbital speeds synchronised with the earth's rotational speed, so that effectively they will remain permanently in one spot, making the transmission of signals to and from them much easier.

### Space segment

This "Space Segment" is being managed by the Aerosat Space Segment Board, comprising representatives of the ESA, the Canadian Government and Comsat General Corporation, the big U.S. organisation specialising in communications satellites that is acting on behalf of the U.S. Federal Aviation Administration.

The second part of the Aerosat venture is called the "Coordinated Segment," which includes the provision of the STAR consortium, such as British Aircraft Corporation, the MESH consortium, which comprises Hawker Siddeley Dynamics of the U.K., Engins Matra of France, Erno of Germany, Saab-Scania (Sweden), Aeritalia (Italy), Iata (Spain) and Fokker-FWV (Holland). Associated with this group is TRW Systems of the U.S.

The second major group is the "Coordinated Segment," which includes the provision of the STAR consortium, such as British Aircraft Corporation, the MESH consortium, which comprises Hawker Siddeley Dynamics of the U.K., Engins Matra of France, Erno of Germany, Saab-Scania (Sweden), Aeritalia (Italy), Iata (Spain) and Fokker-FWV (Holland). Associated with this group is TRW Systems of the U.S.

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Almost five out of six of those questioned—50 out of 63—rejected the idea of an expansionist Budget this spring, though an expansionist policy was favoured in the "long term."

Immediate expansion, says the Director, was rejected by the chairman and managing directors taking part in the survey on the grounds that "Britain simply cannot afford it."

LEADING businessmen believe that the Chancellor's Budget next month should not be "expansionist," according to a survey by the Director, Journal of the Institute of Directors.

Almost five out of six of those questioned—50 out of 63—rejected the idea of an expansionist Budget this spring, though an expansionist policy was favoured in the "long term."

Immediate expansion, says the Director, was rejected by the chairman and managing directors taking part in the survey on the grounds that "Britain simply cannot afford it."

Mr. Frank Taylor, chairman of the Taylor-Woodrow group, said that the first single measure he would like to see would be a nationalisation of the oil industry, a wise and honourable and fair, but also absolutely firm, to stop party dogma and working assiduously" for the preservation of the country.

Mr. Richard Dunhill, chairman of Alfred Dunhill, called for secret ballots for union elections and strike decisions, effective incentives for exports and encouragement for the "voluntarily non-working population."

A CALL for more non-smoking compartments on British Rail trains has been made by Action on Smoking and Health (ASH).

Commenting on a recent survey which showed that only 40 per cent of smokers' seats were occupied on suburban lines while 80 per cent were empty for non-smokers, Mr. Michael Daube, ASH executive director, said the case for increasing non-smoking accommodation "could not be greater."

He added: "Surveys have repeatedly shown that both smokers and non-smokers do not want to sit next to smokers while travelling on public transport. At present the ratio for smoking to non-smoking seats on British Rail is roughly equal."

A Royal Commission on taxation

### Expansionist Budget undesirable, say directors

BY DONALD MACLEAN

tion was long overdue, said Mr. Nigel Brookes, chairman of Trafalgar House Investments. "A power effort is needed to simplify the present impenetrable statutory jungle which has become quite incomprehensible to most business people."

Because of the increasing volume of traffic anticipated in the latter part of this century requiring more accurate air traffic control and surveillance systems, there was a year of stabilization. The quadrupling of the price of crude oil had left the world, and particularly the oil industry, in a state of shock.

To some, the world was on the verge of collapse: gigantic trade deficits, impossible recycling of petro-dollars, chaos on costs and inflation. The world did not collapse, but the recovery could not happen overnight. During 1975 a process of readaptation took place and signs indicate that a new economic equilibrium in world trade is shaping up.

I have never believed the pessimists. In last year's annual report I wrote, "In spite of many fluctuations, of many shifts from country to country, from continent to continent, oil exploration will go forward." It did just that. Oil prices remained relatively stable, drilling activity increased in most of the oil-producing areas of the world, our oilfield service revenue increased 35%.

In the past year the free world did not have a serious economic recession. The U.S. economy was hit in the latter part of 1974 and first half of 1975. The recession developed somewhat slower in Europe, but has probably been deeper and with longer lasting effects. Our Measurement & Control units in the U.S., including Heath, had lower revenue except Weston Components. In Europe despite a severe drop in orders for some product lines, profit from our Measurement & Control operations increased significantly. For years we have sold of these operations that we were reorganizing, streamlining, changing, reducing cost. The test came this year, a difficult year, and it was a rewarding test.

All our major decisions during the past year had one guiding thought: whatever the economic situation, whatever clouds the future,

voice and other data transmission to overcome. It has been regarded with some hostility in the U.S. where some Congressmen would be inclined to spend the use of air traffic controllers by the FAA on a project "whose time has not yet come." Many in the airline industry, too, while accepting the long-term need for improvements in existing communications and air traffic control techniques, are sceptical that eventually in a permanent system the airlines (and hence their passengers) will be expected to pay for the equipment that will be required in the aircraft and on the ground.

### Global system

The Aerosat system envisaged, however, is intended solely for evaluation purposes only, and not a full-scale operational system as such. Thus, during the several years that the system will be in existence, the two satellites will be used to provide aeromedical communications facilities in addition to the continued use of existing techniques. It is not until the early 1980s that a full-scale global system of any transport industry could remain aloof from satellites in the last two decades of this century.

A Hawker Siddeley Dynamics artist's impression of the Aerosat. The first satellite is expected to be ready for launching before the end of 1979.



Labels of Italy, L. M. Ericsson of costs of the "user charges" made by some countries for the equipment that will be required in the aircraft and on the ground.

Studies started some time ago, and the impression is that since the first Early Bird satellite of 1965, this form of communications has been tried.

The third major group is the COSMOS consortium, which comprises Marconi Space and Measurement & Control Systems of the U.K., ETCA of Belgium, Messerschmitt-Bölkow-Blohm and Siemens of West Germany, SAT and Aérospatiale of France, Selenia of Italy, and CASA of Spain.

It is good to be able to report another year of record earnings. In 1976 we did not quite match the spectacular earnings growth achieved in 1974. Nevertheless the 1975 figures are impressive. Revenue increased 30% and income increased 40%.

Yet the year did not start under entirely favourable conditions. In the fall of 1974 an economic recession was already underway. No one knew how long it would last or how deep it would be, but most people thought it could be one of the most serious declines since World War II. It would certainly affect all the free world and particularly Europe. In the oil industry the pessimists outnumbered the optimists by a wide margin: oil exploration would be cut for lack of funds; demand for oil products would decrease because of higher prices and the economic slowdown; some went so far as to predict that the price of crude oil would tumble.

It is true that this past year has not been particularly smooth or easy for the oil business. But which year is? There were conflicts and disruptions; there was nationalization and punitive tax legislation. Yet to me, overshadowing these disturbing events, this was a year of stabilization. The quadrupling of the price of crude oil had left the world, and particularly the oil industry, in a state of shock.

Giant, the world was on the verge of collapse: gigantic trade deficits, impossible recycling of petro-dollars, chaos on costs and inflation. The world did not collapse, but the recovery could not happen overnight. During 1975 a process of readaptation took place and signs indicate that a new economic equilibrium in world trade is shaping up.

I have never believed the pessimists. In last year's annual report I wrote, "In spite of many fluctuations, of many shifts from country to country, from continent to continent, oil exploration will go forward." It did just that. Oil prices remained relatively stable, drilling activity increased in most of the oil-producing areas of the world, our oilfield service revenue increased 35%.

In the past year the free world did not have a serious economic recession. The U.S. economy was hit in the latter part of 1974 and first half of 1975. The recession developed somewhat slower in Europe, but has probably been deeper and with longer lasting effects. Our Measurement & Control units in the U.S., including Heath, had lower revenue except Weston Components. In Europe despite a severe drop in orders for some product lines, profit from our Measurement & Control operations increased significantly. For years we have sold of these operations that we were reorganizing, streamlining, changing, reducing cost. The test came this year, a difficult year, and it was a rewarding test.</

# NatWest Finance for growth

## Extracts from the Statement by the Chairman, Sir John Prideaux OBE



The Group's average deposit resources and lending continued to expand in 1975.



The confidence of the NatWest Group in the longer-term future has been shown throughout by our large capital investment programme undertaken to meet planned expansion of domestic and international business.



Direct representation in Scotland, with the opening of branches in Edinburgh and Glasgow, offers excellent prospects for the growth of Group business.



Our international operations continue to expand and to make an important contribution to Group profits.



We have demonstrated a commitment to expanding our business in the United States and Canada. The opening of new offices is planned during the next few years.



There are now clear signs of a gradual improvement in the UK economy. NatWest Group has entered into substantial medium-term commitments to industry and is ready to provide industry with the necessary financial resources for a sustained recovery.

*Figures taken from Group Accounts 1975*

Ordinary share capital	£183,522,000
Reserves	£661,732,000
Current deposit and other accounts	£13,238,969,000
Advances	£9,056,612,000
Group profit before allocation to staff profit-sharing	£107,830,000
Group profit after taxation but before extraordinary items	£46,438,000



**National  
Westminster  
Bank**

Copies of the Report and Accounts, which include the Chairman's Statement, may be obtained from the Secretary's Office, National Westminster Bank Limited, 41 Lothbury, London EC2P 2BP.

# FINANCIAL TIMES SURVEY

Monday March 15th 1976

## BEDFORD

Associations with John Bunyan, its most distinguished citizen, and a philanthropic Lord Mayor of London, Sir William Harpur, of the 16th century, are Bedford's historical claims to fame. The town today is moving ahead in terms which would doubtless please these noteworthy men.

### Moving with the times

his own leisure complex named after him. Certainly they would have recognised little of the county town that has grown into considerable commercial and industrial prominence.

For one thing, Bedford has grown in size to current administrative population of 130,000, serving a total catchment population approaching the 1 million mark. Much of this development took place in the 19th and present centuries, due to two factors—industrialisation and the commuter proximity of the town to London, just 50 miles to the south.

Good rail and motorway communications have stepped up the number of people who choose to live in the charming environment of Bedford, while working in London. Conversely, Bedford has proved attractive to enterprises wishing to move from a Kingsway, London, office block. The two have a connection which goes back over many centuries, involving several national concerns. For a one-time Lord Mayor of London, and prominent Bedfordian, Sir William in both directions, and provided valuable employment for the town.

In the 16th century, wise Sir William invested in land close to where the Holborn Bunyan statue was subsequently erected. Over the years, the investment of Bedford's local government, has inevitably grown, and the resultant Harpur Trust was established well. It has used to form the foundation of secondary education at Bedford. To-day, matters have turned full circle. For, on the site of one of its schools, the Harpur Trust is completing Bedford's latest shopping complex, the Harpur Centre.

Much of the criticism stems from the duty of the local authority, a duty Bedford does well, to provide such things as leisure amenities, which seldom can be made to work at a profit. As Bedford is a matter of speculation; Bunyan, by the way, has

those amenities provided by the local authority are those which the private sector finds unattractive because they are likely to be unprofitable. It is an argument which is bound to continue for some time.

Putting to one side the cry that there are too many chiefs and not enough Indians, current pressure on the local authority to cut its level of spending has given rise to some possibility of redundancies among Bedford's administrators.

#### Shared

It is a problem shared by district councils throughout the country, but one which is bound to concern Bedford's local authority administrators. For the town has built up a creditable array of amenities and involved itself in considerable municipal projects, such as housing, over the past decade.

They would appear to have little room to manoeuvre, as most of the cost goes on salaries, essential expenses, training costs, and other items on which it would be damaging to cut back. In size and variety, Bedford is a relatively typical district council, with commercial, industrial, and domestic commitments to fulfil. The suggested 2.6 per cent cutback in administrative costs might be met by natural wastage and a non-replacement policy, but the local authority workers would appear at least to be faced with the threat of either more work for authority involvement and personal Bedfordian participation which makes up the town could be damaged.

What the effect of this would be on the quality of life in Bedford is difficult to judge. In the short term, it would be unlikely to have much effect except on the agents call "residentially desirable," it is industrially active, longer term, the particular combination of enthusiastic local pace of life.

to have much effect except on the agents call "residentially desirable," it is industrially active, longer term, the particular combination of enthusiastic local pace of life.

This tranquillity is reinforced through the town of Great Ouse, a natural amenity once quarters for Bedfordshire, and the base for several government offices, Bedford is a considerable employer of civil and public

tivities, and angling. The Ouse at Bedford is a credit to the town, well landscaped, and with some 12 miles of riverside walks which would be of even greater interest should the river be made once again fully navigable.

Bedford's present balance may in the long term come under threat from two projects, worthwhile in themselves but outside the control of the local and county authority. The three components of housing, industry, and commerce which have created that balance are also to be found at the new town developments at Milton Keynes and Northampton.

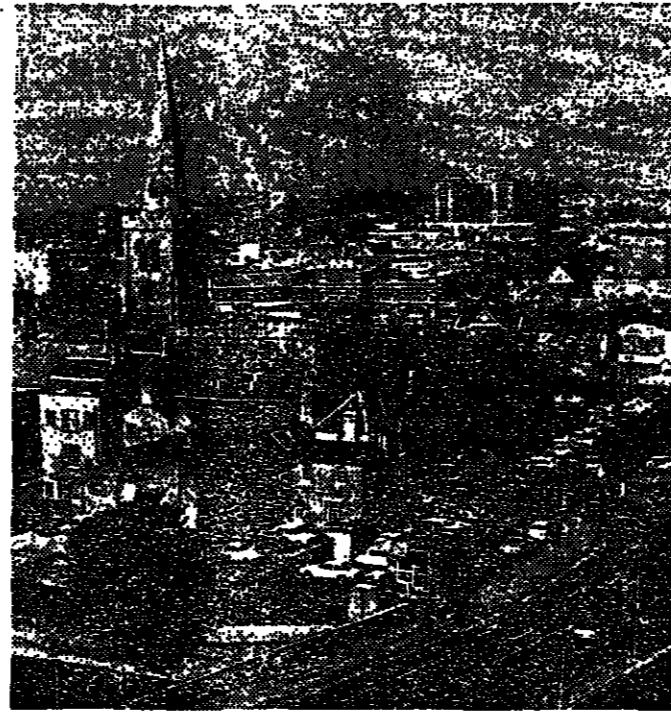
Milton Keynes is only 17 miles away, with Northampton a further four miles distant. Milton Keynes, particularly, is an ambitious project which will have a very great impact on the region. With a planned population of 250,000 and attendant industrial expansion, there is some danger that it may overshadow established communities such as Bedford.

Nevertheless, the district's policy over the years of encouraging industrial diversification and mixed development has to date paid off. Commercial developments such as the Harpur Centre may not be able to compete in size with the vast centre planned for Milton Keynes, but it has one advantage. Bedford already has its catchment hinterland, and has taken care to integrate the car parking facilities into central

The parishes and the Bedford area art matched with the town

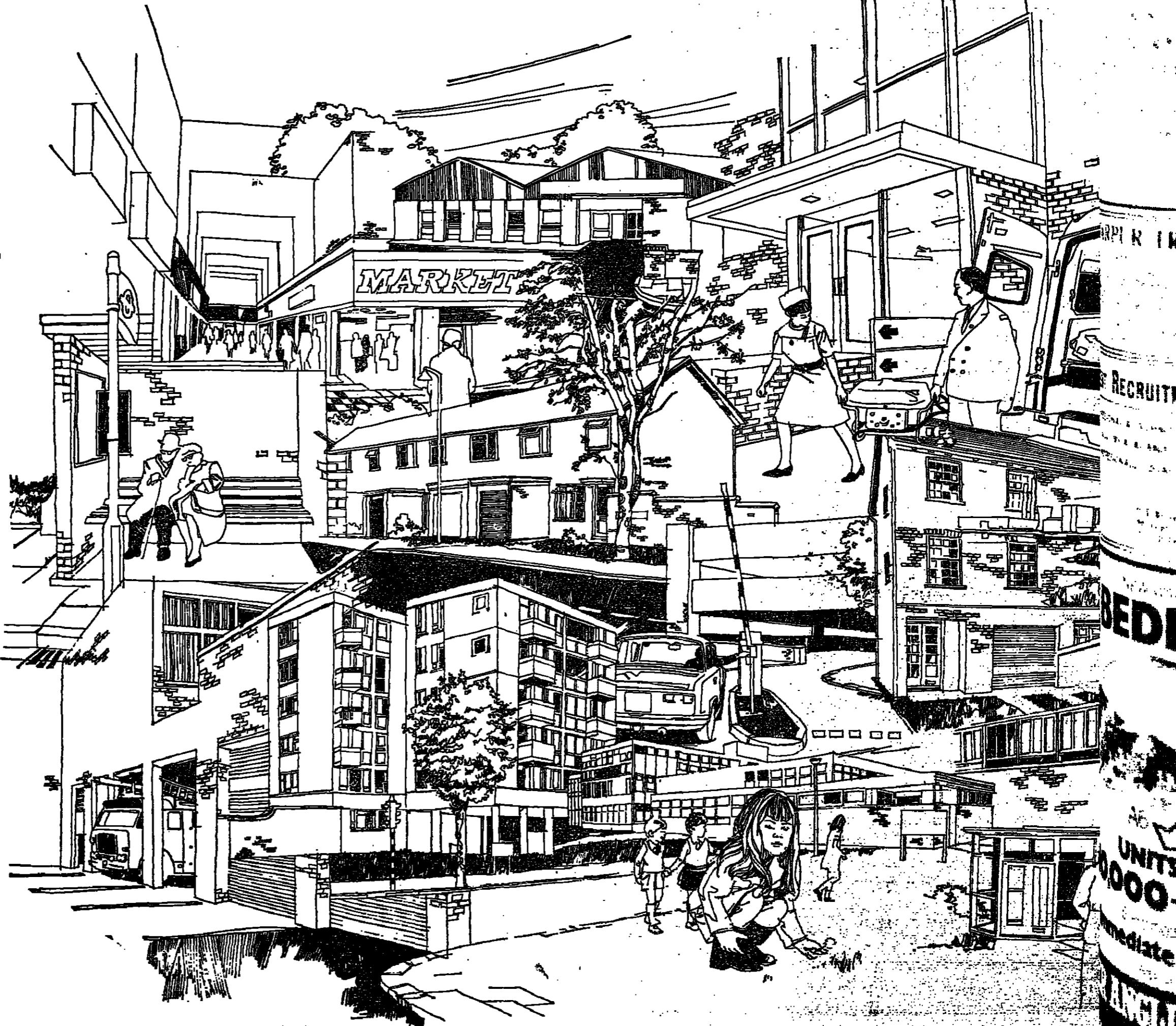
structure, which st has few visible drawbacks, and the added advantage of several well-preserved small communities suitable for residential accommodation scattered round standard to attract modern or indust

Take a touch of Aylesbury, present structure shake in some Ashford, mil government may mif with a pinch of Ipswich, and Bedford's progress you have something close fields, but the town Bedford is distinctly East literature the Anglian in feel, perhaps because tinker" is unlikely tr of the river, and has also its character without



The town centre.

This Report was written  
by Roger Beard



### In line with economy...

Council houses and County hospitals. Red Brick universities. Hotels and Motels and Ministry establishments. Multi-storey car parks and pedestrian precincts. Butcher's shops and bus shelters. Sports stadiums and supermarkets. Schools of all sorts. Flour mills and power stations. Public libraries and private enterprises. Police stations and public houses. Post offices and lost property offices. High rise flats and low budget buildings. Town houses and village halls, town halls and country houses....

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J. Beard JTS

## BEDFORD II

## Commercial enterprise

HARPUR Centre, built on the old Bedford school, is the latest symbol of commercial enterprise which has brought Bedford population from 16,000 a century ago to its 30,000. Smack in the heart of the town, it perpetuates the name of the family in claim to have had a considerable impact on cultural development. Its involvement in education

the 140-year-old facade has been preserved within the development, the Harpur is both architecturally pleasing in its own right, well into the surrounding environment. It is thought will bring even more customers to Bedford's commercial centre in the future development, the Harpur

revenue per annum for these latest additions to Bedford's retail stock range, from £30,000 down to £6,750, depending on

As would be expected in a major retailing centre, the other national multiples are represented in the shopping streets which adjoin the Harpur Centre, together with a variety of smaller stores which complement them to give central Bedford the complete high-street retail range. Car-parking facilities have been provided by the local authority, and a considerable amount of pedestrianisation aids easy shopping.

At one time, Bedford meant brickfields and agriculture, particularly the manufacture and servicing of agricultural equipment. In post-war years particularly, a broad range of industry has been attracted to the town through the siting of industrial estates close towards the town. It includes confectionery, electronics, greeting card manufacture, warehousing and distribution, together with a number of servicing industries.

## Availability

The commercial and industrial attraction of the town depends on site availability and the town's location close to the road and rail links between the north and the south of the country. Bedford is between the M1 and A1 trunk routes, and is on the main line north from St Pancras. Luton Airport is some 20 miles away, and there are available shipping outlets from the East Anglian ports 100 miles across country to the East.

The variety of Bedford industry is reflected in a labour pool with a wide range of skills, and is aided both directly and indirectly by the presence in the area of such august institutions as the Cranfield Institute of Technology, and other educational facilities which are necessary to provide a trained work force.

This is one way in which the town is seeking to beat off the challenge set by Milton Keynes and Northampton. For, though Bedford is a most attractive residential town, it must keep pace industrially as well as commercially with a deliberate policy of industrial diversification.

The educational facilities available are those necessary to provide commercial and industrial vigour have laid the founda-



A suspension bridge over the River Ouse at Bedford.

organisations researching into modern technology.

The Planning and Development Department of the North Bedfordshire Council retain an active interest in the development of industrial estates to increase the industrial diversification of the area. Though agriculture still plays an important part in Bedford life, factories are being developed with a square footage, for example, of more than 30,000 square foot for modern manufacture of a wide range of components.

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The past year is hardly one where one could judge a particular community's economic health. Commercial and industry have both slowed down. Nevertheless, Bedford's continued vigour have laid the founda-

tions for further prosperity as county council education the country climbs out of the recession.

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## CANADIANS

## BUILDING INDUSTRY—Continued

## DRAFFERY AND STORES—Continued

## ENGINEERING—Continued

Dividends	Stock	Last	Div.	Gross	Ctr.	Dividends	Stock	Last	Div.	Gross	Ctr.	Dividends	Stock	Last	Div.	Gross	Ctr.		
Mr. S.J.D.	St. Montreal St.	124	3.11	96	-	4.1 Am. Getchell Timber	96	23	5.17	-	6.2	-	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
F.M.Y.A.	St. Paul St.	92	1.25	12	-	4.2 Am. Gledhill Engrs.	33	17	1.25	1.25	1.25	-	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
A.J.Y.	St. Paul St.	92	1.25	12	-	4.3 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Bell Can. St.	92	1.25	12	-	4.4 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Brascan	150	5.11	10	-	4.5 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
O.J.A.P.	Brascan	900	24	51.50	1.00	4.6 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
F.M.Y.A.	Can. Imp. Bk.	124	2.10	22	-	4.7 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Can. Imp. Bk.	124	2.10	22	-	4.8 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Can. Imp. Bk.	124	2.10	22	-	4.9 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Do. Do. Bk.	100	21	11.11	8%	5.0 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
J.A.P.J.O.	Gulf Oil Can.	200	21	11.11	8%	5.1 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
F.M.Y.A.	Hawker Sid. Can.	600	17	36	-	5.2 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
J.A.P.J.O.	Hollinger	124	2.10	22	-	5.3 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
F.M.Y.A.	Imperial Oil	100	11	11.11	9.11	5.4 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	5.5 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	5.6 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	5.7 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	5.8 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	5.9 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	6.0 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	6.1 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
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Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	7.0 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	7.1 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
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Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	8.1 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	8.2 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
Mr. S.J.D.	Imperial Oil	100	11	11.11	9.11	8.3 Am. Judd & Hollings	59	1.5	1.5	1.5	1.5	1.5	Dividends	Stock	Price	Last	Div.	Gross	Ctr.
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**MINES—Continued****FAR WEST RANK****Dividends****Stock****Price****Last****Div****Cvr****PE****Y.M.****F.M.****P.E.****Y.E.****Finance****Land, etc.****Price****Last****Div****Cvr****PE****Y.M.****F.M.****P.E.****Y.E.****Finance****Land, etc.****Price****Last****Div**

Monday March 15 1976

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## Cosgrave may protest in U.S. over IRA aid

FINANCIAL TIMES REPORTER

**AN ATTACK** on the continuing flow of funds from American sympathisers to help the IRA is expected to be made this week by Mr. Liam Cosgrave, Prime Minister of the Irish Republic, who begins a six-day visit to the U.S. tomorrow.

Mr. Cosgrave's departure comes shortly after a fresh warning purportedly from the Provisional IRA that a new wave of violence on the British mainland can now be expected. The warning came at the weekend in a statement signed by the "Army of Ireland".

Mr. Cosgrave's move is expected despite a significant cut-off in the level of economic contributions to the IRA, which have been attacked whenever Irish Ministers have visited the U.S. Any further criticism from Mr. Cosgrave will be welcomed by the British Government, which has long been concerned about the amount of aid provided by some of America's Irish community.

It is hoped that anything the Prime Minister may say about money for the IRA will help damp down the situation even further. His criticism of continuing financial aid could be made on Wednesday when the weapon would be used on mili-

ary installations were "quite justified."

Strong anti-IRA comments will earn Mr. Cosgrave unpopularity at home among the Republican community but will be in keeping with the firm line he has been taking against the IRA in Ireland and in tune with the growing co-operation between the Republic and Britain to combat the Ulster terrorists.

In its weekend statement to the Press Association in London, the "Army of Ireland" said it had become apparent in the last two months that the IRA could and would strike at mainland targets "when and where it was deemed necessary."

The statement added: "We now wish to give a solemn warning to the British public. You have labelled us as terrorists and have ignored our legitimate claims to justice. You have allowed our comrades to suffer and die both in the Six Counties and in British prisons. Now we will act as terrorists."

In another warning, the proviso threatened to use self-firing mortars again, first used more than a week ago on an attack against Aldergrove Airport, Belfast. The warning included in the Republican News, said Army fears that the weapon would be used on mili-

ary installations were "quite justified."

Two men were helping police inquire yesterday in the Irish Republic following the discovery of a big bomb factory and explosives store near Forbane, in County Offaly, the area closely linked with the search last year for kidnapped Dutch businessman Dr. Tiede Horremans. The cache, which included four tons of bomb-making chemicals and other equipment, was found on an isolated farm.

In Ulster, a car bomb containing 250 lbs of explosives went off outside the courthouse in Ballymoney, Co. Antrim. The driver of the vehicle had been held up a short distance away and his wife was held hostage until he drove the car, containing the bomb, to the courthouse. No one was injured but extensive damage was caused.

The committee, chaired by Mrs. Judith Hart, MP for Lanark, who resigned from the Government last summer, completed discussion on half of the industrial policy it will seek to incorporate into the party document Labour's Programme 1976 which will be considered by the annual conference this autumn.

Heeding Mr. Latham's call, another Tribune abstainer, Mr. Neil Kinnock, MP for Bedwellby, yesterday rejected the "politics of suicide" and said the Labour Government had to be sustained as it was the only vehicle through which social democracy could be achieved in Britain.

man of the Tribune Group and MP for Westminster, Paddington, said he was not worried about the long term effects of such rancour which stemmed from frayed tempers. But, he added in a radio interview yesterday: "Vital important issues have to be discussed on their merits or demerits without abuse."

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**'Docile Cabinet'**

Mr. Brian Sedgemore, MP for Luton West and a leading spokesman for the Tribune group on economic affairs, explained his abstention as a protest against a "docile Cabinet which had failed to question the Treasury on the assumptions behind their public spending strategy.

In a speech last night at Pentonville, another Left-winger, Miss Joan Maynard, MP for Sheffield, Brightside, claimed that the Treasury was working on the assumption of unemployment reaching 2m.

For the Government, Mr. Edward Short, Lord President of the Council, continued the debate by describing Left-wing demands for across-the-board import controls as "sheer lunacy."

Addressing the South West regional conference of the Labour Party at Taunton on Saturday, he said: "It would be sheer idiocy to endanger the steady progress towards recovery which is flowing from the Government's economic strategy and the working partnership of the Government and the trade unions. Our colleagues in the Tribune group should understand that endangering the existence of the Labour Government, which they undoubtedly did this week, puts all we are achieving at risk."

### Bitter words

Bitter recrimination continued in the Labour Party throughout the weekend in the wake of the Government's defeat last Wednesday at the end of the public expenditure debate. The height of political hyperbole was reached by two of the 37 Left-wing MPs who abstained from voting.

Mr. Tom Littlerick, MP for Birmingham, Selly Oak, accused Mr. Denis Healey, Chancellor of the Exchequer, of behaving "like a drunken oaf" at the end of the confidence debate on Thursday during which the Government sought to undo the damage of the previous night. Mr. Douglas Hoyle, MP for Nelson and Colne, demanded that the Chancellor's behaviour—which he likened to that of "a lapdog brawler"—be raised at this week's meeting of the Parliamentary Labour Party.

Mr. Arthur Latham, chair-

of the chamber, in its first meeting with the TUC executive committee next week, is likely to warn that calls for import controls could damage export prospects.

The chamber reported last night that it was receiving a growing number of calls from foreign embassies expressing concern that the U.K. Government might be considering import controls.

In its latest economic report, the chamber places great emphasis on the trade unions in determining the future of the economy.

The main factor in achieving a sustained economic recovery will be "whether the Government can keep its nerve in the face of rising unemployment and mounting trade union pressure," the chamber says.

### Gamble

While the chamber is optimistic about the future, it points out that much depends on the trade unions accepting constraints of wage restraint.

It sees "encouraging trends" in prices of home-produced goods and in the increased volume of retail business in January.

On the balance of payments, the report says: "The gamble of allowing the pound to float further towards the \$1.90 mark is obviously intended to encourage British exporters to make even more progress in preparation for the long-awaited expansion of world trade."

However, attention is drawn to the danger that imports of basic raw materials and components

will increase as a result of the

devaluation of the franc's

problems of the dollar and the

other major currencies.

The circular warns that

employers will be reluctant to enter into 100 per cent union membership agreements.

Accept them tacitly if there is no prospect of dismissed workers securing compensation.

Mr. Nicolson said Mr. Sheppard, the Anglicised version of his name, Jubas, was sacked from the Hungarian Army before fleeing in 1956, for refusing to join the Communist Party.

In a letter to the Minister, Mr. Paul Nicolson, general secretary of the anti-TUC Confederation of Employee Organisations, says:

"There is an alarming similitude between the treatment received by Mr. Stephen Shepherd from both the Hungarian Communist Party and a British employer."

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